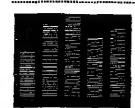
## FINANCIAI TIMES

World Business Newspaper http://www.FT.com

TUESDAY MAY 26 1998



Music and publishing Merger pay-offs threatened by artist fees and internet Page 15



Czech finance Why companies go for international equity issues Page 19



Human Genome Project | Brazilian Privatisation Invigorated by a new spirit of competition Technology, Page 10

Assets worth \$80bn could be sold Survey, Separate section

#### WORLD NEWS

#### Crooks 'laundering \$300m a day via the international financial system'

At least \$300m in illegally earned money is laundered daily through the world's globalised financial system, as drug-runners and other criminals convert profits into usable funds, according to a report. Commissioned by the United Nations International Drug Control Programme, the report says the world financial system is ssing a large part of an estimated \$200bn of drug money laundered annually. Page 16; 'Money launderers' dream', Page 7

Swiss insurera 'songiat Nazi gold' Switzerland's leading insurance companies tried to get paid in Nazi gold in the final days of the second world war, even though they were aware that much of the gold had been looted, according to a group of independent historians. Page 2

El) move on child labour

European Union trade ministers agreed to offer tariff cuts worth up to Ecu790m (\$884m) a year to developing countries that sign up to international standards on child labour and environmental protec-

Europe agrees erms sale code European Union foreign ministers agreed in principle to a code of conduct regulating arms exports to third countries. Page 3

German minister in N-waste row Angela Merkel, Germany's environment minister, is at the centre of a political storm efter disclosures that for more than a decade some nuclear waste shipments had given off excessive radiation. Page 2

Poland faces EU aid cuts

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The Part of the Control

Poland's 1998 aid altocation under the European Union's Phare programme has been cut by Ecu34m to Ecu178m (\$200m) after criticism from the European Commission that the country has been slow in presenting suitable projects for funding. Page 2

Horwegian royal visit to Russia Norway's King Haraid V and Queen Sonja met Russian president Boris Yeltsin in the Kremlin at the start of a five-day state visit to flussia, the first by a Norwegian monarch since

Turkish court orders closure State prosecutors have demanded the closure of Turkey's leading Islamic business group for allegedly breaking laws on societies and associations. Page 2

Saddam warned on US withdrawal William Cohen, US defence secretary, warned Saddern Hussein, Iraq's president, against "taking comfort" from a partial withdrawal of US troops in the Gulf because a rapid deployment force could be tituted in 48 hours. Page 5

Arafat in talks with Saudi king Yassir Arafat, president of the Palestinian Authority, made an unexpected visit to Saudi Arabia to hold talks with King Fahd amid attempts by the Palestinlans to convene an Arab summit aimed at freezing relations with Israel. Page 7

S Africa currency crisis fear The flood of foreign capital into South Africa dried up in the past month, raising fears of a currency

crisis and casting a pall over the interest rate outlook. Page.7 HK Democrats sweep polls Hong Kong's pro-democracy parties captured more than 80 per cent of the vote in the territory's

first post-colonial elections, increasing pressure on the government for reforms. Page 4; Editorial comment, Page 15 China is seeking to reverse a slowdown in economic growth by chan-

nelling funds toward the housing

market and litting banking restric-

tions on mortgage lending. Page 4 CONTENTS

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#### **BUSINESS NEWS**

#### Split could delay Brussels' decision on Kirch-CLT-Ufa pay-TV venture

A pay-TV joint vanture planned by Kirch, the German media group, and CLT-Ufa, the Luxembourgbased company partly owned by Bertelsmann of Germany, could face delay on approval by Brusse because of divisions within the European Commission. Page 16

Zeneca, the UK-based pharmaceuticals company, Kvaerner, the Anglo-Norwegian engi-neering group, and Eversheds, the law firm, are to gamer support from other large companies for a teet case to establish the first pan-European pension fund. Page 17

magement stades-up is expected over the next few weeks at the Caspian Pipeline Consor-thm, the \$2bn project to build the first oil export system from the Caspian region since the break-up of the Soviet Union. Page 6

Astra of Sweden filed lawsuits against US rivals Genpharm and Andrx Pharmaceuticals, both generic drug manufacturers, for infringing patents over Astra's anti-uicer treatment Losec, the world's top-selling prescription. Page 17

Greece's Socialist government faced deepening labour union opposition to next month's planned sale of lonian Bank through a tender on the Athens stock exchange.

Tostifia of Japan blamed an 89 per cent fell in annual profits on the Asian economic crisis and the competitive personal computer market. Consolidated net profits for activities from nuclear power sta-tions to televisions fell from Y67bn (\$515m) to just Y7.3bn. Page 17

Vendex and De Boer Unigro (DBU), the Dutch retailers, saw their shares rise as they revealed a plan to create a supermarkets group ranking close behind Ahold, the sector leader. Page 20

itica's flood of incomi foreign capital has dried up in the pest month, raising fears of a currency crisis and casting a pall over the interest rate outlook, Page 7 Rate changes for share dealing on

the London Stock Exchange's con-troversial electronic order book system are expected to fall short of some of the more radical changes some participants have recommended. Page 8

The US Virgin Islands legislature has approved the purchase of a 50 per cent stake in Hess Oil Virgin slands Corporation by Petroleos de Venezuela, which will pay \$825m over 10 years. Page 5

lavanese department store sales in April showed the first year-on-year increase for 13 months, but retailers said consumption remained decressed. Sales rose 8.3 per cent from a year earlier, to Y716.5bn (\$5.3bn), but were 6.9 per cent lower than in April 1998. Page 4

Brazil's privatisation programme could face a shortage of financing as the government seeks to raise \$25bn in the next few months, senior bankers said. Page 17

Samsung Meturs, newest and smallest of South Korea's four carmakers, said negotiations on a strategic alliance with Ford of the US had collapsed. Page 18

Singapore Telecom, the national telephone company, reported a 12 per cent rise in net profit to S\$1.89bn (US\$1.16bn) for the year to March 31 but said it expected slower growth this year. Page 18

Euro Prices

A comprehensive statistical quide to the new euro currency zone; covering foreign exchange, bond and equity markets. Page 23

### Russia seeks IMF help on debt amid market turmoil

By Chrystia Freeland in Moscow

seeking help from the International Monetary Fund in a domestic debt restructuring pro-His announcement came after another bruising day on the Russian financial markets, during which interest rates on state bonds climbed above 50 per cent. Share prices fell by 5 per cent, bringing the total stock market

coincided last week with a coal miners' protest and a shoot-out in southern Russia, together risked jeopardising Russia's polit-ical stability and national security, a Kremlin official said

By GERlan Tett in Tokyo

The Japanese government is

considering the abolition, from

paid by non-residents on income

The proposal, backed by some

Finance and Bank of Japan, is

part of a new campaign to boost

the international role of the yen

and meet a challenge from the

euro, the new European single

currency which will be launched

at the beginning of next year.

this month because the Japanese

government is seeking ways to

make ven assets more attractive

to foreign investors. Foreigners

currently own less than 10 per

cent of the outstanding JGBs.

from Japanese securities.

Japan may abolish

withholding tax to

next April, of the withholding tax have to pay 15 per cant tax on paid by non-residents on income interest, while most non-financial

senior officials in the Ministry of banks and other financial institu-

attract investors

The government fears the costs of domestic borrowing could push the economy into a vicious lending from the DMF to help it too much of its borrowing to The Russian government is circle, further weakening shaky retire its expensive domestic public finances and intensifying debt, but has not named a spefears of a rouble devaluation. gramme, Sergei Kiriyeako, the Such concerns could force inter-prime minister, said yesterday. est rates still higher and speed Russia's decline. To break out of the cycle, Mr Kiriyenko said the government would try to retire its high-yielding, roubledenominated domestic loans with longer-term, hard-currency borrowing. He said Russia was seekdecline this month to more than ing help from the IMF.

O per cent. "There is one project which we The financial turmoil, which are interested in looking at jointly [with the IMF]," Mr Kirlyenko said, speaking to a group of US fund managers. This is the possibility of forming a special, consolidated credit, a hardcurrency credit, for the buying back of Russia's internal debts."

tax in the 1980s. In Japan it is

imposed on income from many

Non-residents trading JGBs

companies and organisations

have to pay 20 per cent. Domestic

Many non-resident Japanese

investors avoid the tax by tempo-

rarily registering their bonds

through Japanese financial insti-

tutions, using so-called "street

names". As a result, only Y7bn

securities, including JGBs.

tions are largely exempt.

Russia is believed to have broached the possibility of extra the Russian government shifts cific amount. The IMF is expected to decide this week whether raising the spectre of the type of to release a scheduled \$670m financial crisis Mexico experitranche of its three-year loan to

plan. "Russia needs to strongly implement fiscal measures -Martin Gilman, resident representative of the IMF in Moscow said. "Unless they deal with the underlying fiscal imbalances, debt restructuring is a high-risk

Some economists fear that if hard currency it risks making itself unduly vulnerable in the event of a rouble devaluation. enced in the mid-1990s.

In an effort to reassure both However, Russia may need to the IMF and nervous investors, set its fiscal house in order before Mr Kiriyenko said the governit wins whole-hearted IMF sup- ment would launch an aggressive port for the debt restructuring programme to revive its ailing public finances.

The first step will come today. both on revenue and expenditure

- as a precondition of moving
forward with debt restructuring,"

when the prime minister said
President Boris Yeltsin would
sign a tough expenditure-cutting decree. Mr Kiriyenko said the government would also make a concerted effort to boost revenue collection, although he promised that no new taxes would be

#### VW sets sights on two more luxury carmakers

By Haig Simonian and Graham Bowley in Wolfsburg

Volkswagen. Europe's biggest carmaker, may buy at least two other luxury car brands as well as Rolls-Royce Motor Cars, the upmarket British manufacturer it

hopes to acquire next week. Ferdinand Piech, VW's chairman, said he was considering two other luxury acquisitions, apart from Rolls-Royce and Bentley. owned by Vickers, the UK engineering group.

Mr Piech said in an interview with the Financial Times that VW's chances of winning Rolls-Royce were still only "50/ 50". Vickers' shareholders will vote on VW's offer at a special meeting on June 5.

Mr Piech said VW planned to spend about DM1bn (8500m) to quintuple Rolls-Royce's output to 10.000 cars a year in the next five years. That would involve reviving plans for a "medium-sized Bentley" range and pushing ahead with "Project Bali" to replace its ageing two-door cars. He said VW "had further plans". including a new Rolls-Royce model. The new car would be "very close" but disfinct from Rolls's existing range, modernised this year with new Jour-door models.

VW would protect Rolls-Royce's British identity by running it as a separate subsidiary with its own board. Unlike BMW, VW's rival, which has made a lower offer for Rolls-Royce, VW would ensure that all engines were made in England.

Mr Piech also planned a bigger role for Cosworth, Vickers' specialist engine subsidiary, which VW also wants to buy. Apart from manufacturing Royce's engines, Cosworth would be expanded to produce power plants and do foundry work for VW's Audi executive cars subsidiary, which is suffering from bottlenecks.

Mr Piech said spending to expand Rolls-Royce represented only 2 per cent of the group's DM44bn investment programme for the next five years.

VW planned to launch one new car a month until the end of next year as the benefits of its "platform strategy" to simplify prod-



pictured at Expo 98 in Portugal yesterday - a warm welcome during his official visit to London, amid fears that trade with Tokyo could be damaged

#### worth of withholding tax is actu-Traders say the plan, if implemented, could significantly boost ally collected each year. the Y250,000hn market for Japa-However, foreign hankers com nese government bonds (JGBs) plain that this practice is clumsy, by attracting a wave of new creates credit risk and has an investors. Rumours of a change in the withholding tax - which uncertain legal status. William Campbell, analyst at JP Morgan, said: "More than half the inveswould take effect at the begin-ning of the 1999-2000 fiscal year tors we speak to in Europe either yesterday helped push the cannot or will not buy JGBs long-term bond yield down to a because of the withholding tax new record low of 1.21 per cent. and what they consider the unacceptable risk of holding JGBs in The proposal will have to over-UK premier Tony Blair appealed to Britons to give Emperor Akhito of Japan come opposition from the Ministry of Finance's tax bureau The ministry's tax bureau is strongly opposed to simple aboli-tion of withholding tax because which has insisted that any abolition must take place as part of a Japan, unlike the US, does not wider reform of the tax system. The issue of withholding tax have a full system of investor has attracted particular interest

identification. "If we just abolish withholding tax without creating a proper identification system we will end up like Luxembourg there will be lots of evasion, said one tax official.

Most major industrialised Capital markets, Page 24 countries abolished withholding Currencies, Page 25

### Suharto backlash hits foreign groups

Andrew Jack in Paris and Robert Wright in London

Thames Water of the UK and rimental". Suez Lyonnaise des Eaux of France yesterday appeared to have become the first foreign casualties of the backlash against the business interests of friends and family of former Indonesian

president Suharto. The Jakarta city government agement contracts awarded to son, Sigit Harjojudanto. the companies, the first sign of a reassessment of contracts Subarto, who resigned last week.

Thames Water said that although it had ceased to be involved in the daily management of east Jakarta's water system, a final decision on the contract had not been made, "I don't ment circles. "From the outset, think either side in the longer term will want to throw the baby out with the bath water," the company said, adding that it had met the requirements of our

Suez Lyonnaise des Eaux confirmed that PAM Jaya, the state-state-owned oil company, and owned water company, had taken trading and shipping companies over operational control of its owned by the Suharto family water plants in the west of the interests. Critics allege the con city, but said its contract had not tracts were awarded as a result of

In a statement from its Paris headquarters, the group said Indonesian vote, Page 4
PAM Jaya had "temporarily modSaharto's legacy, Page 14 ified the organisation" of its Lex, Page 18 water plants "by directly Sel-offs to go alesd, Page 17

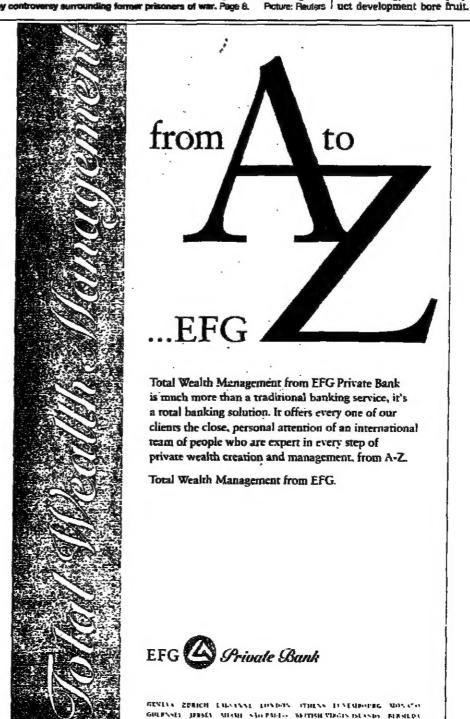
However, it called suggestions that there had been any changes to its contract "incorrect and det

Thames Water and Suez Lyonnaise des Eaux signed joint ven-ture confracts last June, which became operational in February. Suez teamed up with GDS, a subsidiary of the Salim Group owned by Sudono Salim, and Thames Water with Kati, a company said it had cancelled water man- owned by Mr Suharto's eldest

Mr Salim is one of Indonesia's richest men and a close friend of awarded by associates of Mr Mr Suharto. Mr Harjojudanto has a range of business interests. Rama Boedi, director of PAM

Jaya, said the contracts had been awarded to the Indonesian-led consortia without open bids. under pressure from top govern our 3,000 employees opposed the deal," he said. But Suez said its contract was signed "in total respect of business ethics".

Separately, Indonesia's energy minister said he would review contracts between Pertamina, the



28

4 pm a

Switzerland's leading insurance companies desperately tried to get paid in criticism levelled at the war Nazi gold in the final days of the second world war, even though they were aware that to reach a settlement of much of the gold had been multi-billion dollar class

They also sought special treatment after the war by tions will increase pressure secret negotiations with the Germans to the Allied nego-

of independent historians from Germany's continuing headed by Professor Jean- involvement in the second

insurance companies, which until now have escaped the the interim report of the Berrecord of the big three Swiss banks. The hanks are trying actions from US Holocaust survivors. The latest revela-

failing to disclose fully their on the insurers to reach a similar financial settlement. Until now it has been assumed that the Swiss The disclosure, by a group banks had the most to gain

gold after October 1941, and gier commission shows that the Swiss insurers had even more at stake.

panies, or half of the total. were operating in Germany. They had invested SFr938m (\$642m) by the end of 1944. They earned two-thirds of

their total premium income.

bigwest reinsurer, earned

ance industry was informed negotiations was guaranteeabout the controversy sur- ing the long-term prosperity 1942," says the report. rounding deliveries of looted By the end of the war, 16 German gold, the report industry in the post-war era. National Bank said yester-Swiss direct insurance com- notes that it was prepared to

transfers of German gold to

1939 to 1943.

the SNB. In April 1945, only weeks before the end of the war, their foreign premiums in Hans Koenig, co-president of Germany and 27 per cent of Rentenanstalt and the chief negotiator for the Swiss entertaining Emil Puhl. plundering of the occupied

ernment would not be igno-

rant of such incidents in

future, the environmental

Green party called for her

The opposition Social

Democratic party has chal-

lenged Helmut Kohl, the

chancellor, to take responsi-

bility for clearing up the issue and either "back or

sack" Mrs Merkel when par-

liament holds an emergency

debate on the disclosures

Mrs Merkel, who last week

banned waste shipments

from nuclear power plants

inside Germany and to the

processing plants at La

Hague in France and Sella-

field in Britain, yesterday

ordered Germany's organisa-

tion for plant and reactor

safety (GRS) to produce an

urgent report explaining

how excess radiation had

resignation.

tomorrow.

put the spotlight on the banks stopped dealing in profits from Germany from bank, to dinner in Zurich. The report says Koenig's Although the Swiss insur- main line of thought in the National Bank responded to

> The report is also highly accept payments financed by critical of the role of the Swiss National Bank, which handled four-fiths of the gold transfers of the German Reichsbank. "As the number of gold bars coming in from Berlin grew, so did knowledge concerning the origin

François Bergier, is likely to world war. However, the more than a quarter of its vice-president of the Reichs- territories. From today's vantage point it is shocking to see how the Swiss the problem in summer

However, the Swiss of the Swiss insurance day that the report contained "no elements that would call for a fundamen- tally modified assessment\* of its policy during the war. It had stated several times that its wartime policy had "its dark sides" and profoundly regretted accepting Swiss Re, then the world's insurance industry, was still of the metal from Germany's gold deliveries from victims

the French and British pro

cessors and the German

nuclear industry.
Mrs Merkel's ministry first

learned on April 24 of a cas-

tor arriving at La Hague

with gamma radiation five

times the official limit of 4

becquerels per sq cm. It has since been estimated that 20

per cent of such shipments

last year were contaminated.

**NEWS DIGEST** 

parkets for

New general

estate and the fire

**EU AID PROGRAMME** 

#### Poland faces cuts after being slow off the mark

Poland's 1998 aid allocation under the European Union's Phare programme has been cut by Ecu34m to Ecu178m (\$200m) after criticism from the European Commission that the country has been slow in presenting suitable projects for

funding. Hans van den Broek, the EU's foreign affairs commissioner, said the cuts have been made because Poland has been too late in presenting projects for implementation. Moreover, some of Poland's proposed spending plans falled to comply with the "Accession Partnership", an EU programme designed to prepare the country for EU membership. The cut in aid is designed to underline concern in Brussels that the government, in its view, is paying too little attention to pursuing the reforms needed if Poland is to join the EU in the first half of the next decade. Christopher Bobinski, Warsaw

NORWAY'S PETROLEUM FUND

#### Value rises by 8.4%

The market value of Norway's government petroleum fund the state reserve for surplus oil revenues - rose 8.4 per cent to NKr51.5bn (\$7bn) last year, according to the finance minle-

Since the start of 1997, when the assets in the fund were valued at NKr47.5bn, it has marginally outperformed a benchmark return based on the Salomon Brothers world government bond index. Returns on the fund reached 11,3 per cent for the year, against a benchmark figure of 11.21 per cent. Tim Burt, Stockholm

ISLAMIC BUSINESS

#### Bid to close Turkish group

State prosecutors have demanded the closure of Turkey's leading Islamic business group, a security court official said

The court's civilian and military prosecutors launched charges against the Association of Independent Industrialists and Businessmen (Musiad) for breaking laws on societies and associations, the official said.

Anatolian news agency said the court had also charged Muslad's chairman, Erol Yasar, with "provoking hatred amongst the people" in a speech he made last year criticising restrictions on religious education. Reuters, Ankara

**ITALIAN CRIME** 

#### 'Mafia boss' recaptured

The Italian government yesterday regained the initiative in the recent row over failings in its justice system after Pasquale Cuntrera, a leading Maña boss, was recaptured in Spain. Eighteen days after he slipped from the clutches of the Italian authorities, Cuntrers was captured by Spanish police in Fuengirola on the Costa del Sol. James Biltz, Rome

### Ex-minister linked to kidnap 'mercenaries'

By David White In Madrid

A former police officer go ahead in 1983. yesterday fired the opening salvo in Spain's "dirty war" trial by accusing José Barrionuevo, the former Social-

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ist interior minister, and two

The ex-superintendent. José Amedo, was the first of 12 defendants to take the stand at the start of a tense and long-awaited trial in the supreme court.

Prosecutors are seeking prison terms totalling 178 years, including 23 years for Mr Barrionuevo and his former number two, Rafael Vera.

It was Mr Amedo's eviience to an examining judge four years ago that launched the current case to determine who masterminded a covert campaign, carried out under the name Anti-Terrorist Liberation Groups (Gal), against suspected Basque terrorists based in southern

interview at the weekend, described the court case as "a dirty settling of scores, of a political character, dressed up as a judicial procedure". The case involves the first crime claimed by Gal, in which a furniture dealer was kidnapped by mistake. Gal is blamed for about 25 deaths

over the four years after the kidnan. Mr Amedo's accusations

of his senior colleagues of defendants, Julian Sancristoknowingly letting a kidnap bal, who was the Spanish government's senior representative in Bilbao at the time and later director of

state security. He said Mr Sancristobal received funds for the operation and acted as liaison with the minister and Mr Vera. He alleged that FFr70.000 (\$11,800) was paid to mercenaries who carried out the kidnap.

The panel of 11 judges is due to hear the other defendants - with Mr Barrionnevo the last in line - before taking evidence from 40 witnesses, including the former prime minister, Felipe Gonz-ález, who raised a storm last week by claiming it was a political trial. The daily El Mundo, which

played a leading role in Gal Mr Barrionuevo, in an disclosures, published a fresh allegation yesterday, saying that Mr Sancristobal was likely to testify that he showed his superiors a police file and photograph of the intended victim before the kidnap. In an opinion poll in the

Barcelona daily La Vanguardia, 31 per cent of respondents said they approved of the "dirty war", while 44 per cent disapproved.



Bonn minister in row

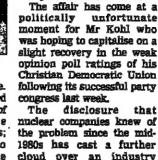
tainers arriving at La Hague.



The minister also ordered better reporting of cases of contamination by the nuclear power operators; urged the federal states to tighten controls inside power stations; and ordered utilities to reorganise the transport of waste and improve technical measures to prevent excessive radia-

tion in the future. Mrs Merkel, who will dis-cuss the problem with the admitted their specialists French authorities today, knew of the problem for promised there would be no resumption of waste transports until the cause of contamination had been found, appeared on the outside of and a functioning flow of special "castor" waste con- information established with

But the second of the second of



In a weekend statement. years, having been tipped off by the French authorities. While "constantly working on technical improvements". they failed to tell the German authorities.

which is widely mistrusted

following incidents of

secrecy concerning nuclear

safety over more than 20

BROUGHT THEM TOGETHER? BLACK GOLD. WHAT KEEPS THEM TOGETHER? THE BANK OF NEW YORK.

In the winter of 1976, by an historic vote, the citizens of Alaska created something which no other state in the nation had created before: a savings trust, fueled from the sale of oil, to be used for the benefit of every Alaskan, now and in the future. Called the Alaska Permanent Fund, it has become a \$23 billion arctic treasure. • What bank sees to it that Alaskans are kept up-to-date on fund finances and investment performance? The Bank of New York. Through daily reports sent electronically from the Bank, and the Permanent Fund's use of Internet technology, Alaskans scattered across 550,000 square miles can see what their fund is worth and where their money is invested. Fund executives are able to track with pinpoint accuracy the performance of their investment managers. making sure citizens get the best performance possible. Today, thousands of clients are using The Bank of New York to create, maintain and enhance relationships with investors in over 60 countries. In Juneau, Executive Director of the Alaska Permanent Fund Corporation Byron I. Mallott and investors Sarah Williams, Kimberly Kuzuguk and David Hobbs are just one example.

ISSUER: Byron I. Mallott.

INVESTORS: Sarah Williams, Kimberly Kuzuguk, David Hobbs.



HUNGARIAN ELECTION SOCIALISTS SPURNED DESPITE FOREIGN PRAISE FOR ECONOMIC RECORD

### Markets fall as voters take revenge for austerity years

By Kevin Done and Kester Eddy In Budapest

The Socialists and their prime minister, Gyula Horn, who enjoyed a landslide victory four years ago, went to bed in the small hours yesterday after Sunday's general election tasting bitter defeat, despite a record in office that has won high

Their thanks for having ation. pulled Hungary back from the brink of a Mexico-style debt crisis in 1995, for restoring growth and establishing it as the model for reform country in central and east Europe, was to lose more than a third of their seats.

Voters have not enjoyed the tough austerity measures that have accompanied the economic turnaround. The macroeconomic progress has been too short-lived and the gains too unevenly spread to wipe out the memory of the pain.

On Sunday they voted for ation in the shape of the centre-right Fidesz-Hungarian of political stability appeared Civic party, founded 10 years to be dashed on Sunday ago by a group of anti-com-night by Mr Orban.

tarnished - by the rigours of

volatile and unforgiving lot. the country needs a new government for a new cen- party and increasing its tury," Viktor Orban, the Fidesz leader, declared jubilantly on Sunday night, unable to suppress a boyish grin at his triumph. The for- to look to the unpredictable mer law student will cele-brate his 35th birthday next party to gain a majority. Sunday as the stan-

> not last long. Already yesterthe financial markets were passing their own sceptical verdict. The Budapest stock market, which fell 8 per cent in the past two weeks as the prospect of a Fidesz victory loomed, dropped sharply again yesterday, losing 8.7 per cent of its value in a day. Hopes expressed last week by some financial analysts.

> the Socialists in the interests Such a move was "incon-

parties yet to be tested - and torate had voted for change. While Pidesz made crushvoters have shown that taking the Socialists to be country needs a new become the biggest single

seats to 148 from only 20 four years ago, it failed to gain an overall majority in the 386-"The market fears a

dard-bearer for a new gener- Fidesz-Smallholders coalition, that it will be unstable But the celebrations will and unlikely to last for 4 not last long. Already yester-years," said Tamas Szalai, day, as Mr Orban was locked an analyst at Concorde Secuin negotiations with his rities, the leading domestic potential coalition partners, broker. "And it fears that looser fiscal policies will lead to higher budget and current account deficits."

Mr Orban must now decide which of his campaign promises must be kept and which can be quietly laid aside. Fidesz has campaigned on a platform of law and order, anti-corruption and measures to support the and privately by western diplomats, that Fidesz might family. He has also called for moves to accelerate ecoenter a grand coalition with nomic growth to 7 per cent a year in order to double gross domestic product in a decade through a programme of cuts in taxes and social welfare contributions.

past three years has been and its governor Gyorgy Sur-anyi, but the Smallholders in particular have also been changes in monetary policy.

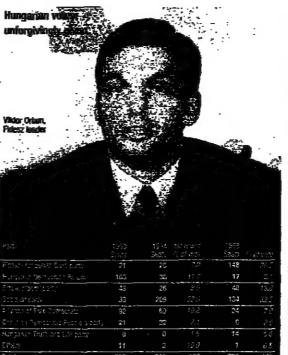
Western diplomats in would have to moderate many of its policies once it is in government, and say that it will be boxed in by the need both to attract foreign capital and to meet the conditions for entry into the European Union

But financial observers

say that this view disregards

the formidable learning curve that Fidesz leaders now face. "We are staggered that anyone should underestimate the ability of politisays Dresdner Kleinwort Benson, the investment bank. The planned economic and monetary policy shift fiscal policy would fuel an economy which is already threatening to overheat and, combined with a stronger forint, would lead to a poten-tially destabilising widening in the current account defi-

Beyond the economy there awakened by the success of Much of the credit for the are also concerns that a the far-right extremist MIEP



tion and the shift to the right in Hungarian politics could lead to much louder nationalist rhetoric out of Budapest, undermining the progress made by the Horn government in improving relations with neighbouring countries, most notably where there are large ethnic Hungarian minorities.

Such fears have been

tionalist Istvan Csurka, in entering parliament for the first time. Both Fidesz and the Smallholders have ruled out any co-operation with MIEP, but Mr Orban hardly stilled fears about a rising nationalist mood when he observed on Sunday night that the boundaries of the Hungarian state and those of the Hungarian nation did not coincide.

### EU agrees on arms sale code

and Andrew Parker in London

European Union foreign ministers agreed in principle duct regulating arms exports to third countries.

Britain, which holds the EU's rotating presidency. hailed the EU-wide guidelines as a breakthrough. But diplomats said Robin Cook, foreign secretary, had watered them down in order to win the support of France. The code of practice agreed in Brussels rejects Nordicled calls for a permanent blacklist of countries with poor human rights records. It also sidesteps demands for full transparency on granting export licences.

But Mr Cook, under pressure at home because of the "arms for Africa" affair and disclosures that the UK government has approved more than 50 military export licences to indonesia. said:"The agreement is a real achievement. It is a substantial step forward towards responsible and effective regulation of the European arms trade." He rejected suggestions the code would have prevented the

national, the UK company which claims it had government approval for export of arms to Sierra Leone despite a UN embargo. Mr Cook told the BBC: "They never applied for an export licence. There was never any ministerial decision on an export licence. Had they applied. they would have been refused."

Covernments will be expected to withhold export licences to countries which fail to respect minimum standards of human rights and democracy. The key criterion will be whether the sale of arms could led to internal repression or external aggression. The code would require EU countries to circulate through diplomatic channels details of export licences which have been refused, giving full reasons. Each country will cirits defence exports and application of the code.

Any EU member-state which decided to grant a licence to a suspect country partner which had issued the original refusal.

• EU foreign ministers approved a mandate for fast-"arms to Africa" affair, track negotiations on a fr Referring to Sandline Inter-trade accord with Mexico. track negotiations on a free

### Greek bank battle

government vesterday faced deepening opposition to next month's planned sale of Ionian Bank through a ten-

der on the Athens stock exchange, Kerin Hope reports from Athens. Transport and shipyard workers stopped work for the buyer would be required four hours to support a two- to inject fresh capital, and week strike by lonian employees. Several hundred bank employees demon-

strated outside an Athens

court which was hearing a

request by Ionian's manage-

ment for the strike to be declared illegal. The government says the sale terms should include

Socialist years. The union wants the bank merged with its parent. Commercial Bank, in a second big state banking group.

Haris Stamatopoulos. Ioniinterview the sale of a 51 per cent stake in lonian would "rescue the bank, because would also ensure the sur-

vival of Commercial Bank". Commercial would be able to strengthen its balance sheet, before being offered after it has made progress with restructuring". The two banks have a combined market share of about 25 per

#### **PROFILE VIKTOR ORBAN**

### New generation picks a centre-right leader

Viktor Orban has made it to the top of Hungarian politics in only 10 years. His triumph at the polls on Sunday signals one of the most dramatic generational changes in the post-communist countries of central and eastern

Mr Orban, 34, a former student activist and president of the centre-right Fideszfor the past four years.

gary's respected Ectyos Lorand university in 1987, became a founder one year later of Fidesz, then called the Federation of Young Democrats, a radical, anticommunist student move-

He shot to fame in 1989 with an outspoken call for Hungarian Civic party, is the removal of Soviet troops

Oxford in 1989.

free elections in April 1990, when he was elected to par-

with a law degree from Hun-uprising against the Commu-He won a scholarship from

George Soros, the Hungarian-born financier, to study English liberal politics at But his studies were interrupted by Hungary's first

the Socialist prime minister rial of Imre Nagy, the prime two free elections in 1990 movement into a mainstream party that appeals across the generations and attracts support across the centre-right of Hungarian

> movement's roots and Mr Orban's often autocratic style of leadership within

Mr Orban, who graduated role in the 1956 Hungarian on the leadership in 1993, Mr ingly fragmented centre-Orban has transformed the right opposition, even at the price of jettisoning some the way, has won handsome dividends at the ballot

> The turn away from the tough upbringing - his ervar in central Hungary, 40 water when he was 14 years old - Mr Orban has retained the party have allenated a mistrust for Budapest agricultural engineer, and some of his early, more lib-intellectual circles. This has his mother a speech thera-

minister executed for his and 1994. But since taking to consolidate the increas- allies, the Alliance of Free Democrats.

While they have worked for the past four years in liberal principles along coalition with the Socialists, he has taken on more of the mantle of the nationalist

home first got hot running miles south-west of Budapest, growing up in a nearby village. His father was an

CURRENCY MANAGEMENT . CASH MANAGEMENT . EXECUTION SERVICES



PRISONERS TO BE RELEASED ELECTIONS UNLIKELY BEFORE EARLY NEXT YEAR

### Indonesians to vote 'soon'

Indonesia's new government five-year term. Opposition announced yesterday it leaders, diplomats and even would hold general elections his own cabinet ministers a transitional leader. Stuand free political prisoners, had urged him to allow early as part of an attempt to gain acceptance from wary citizens and foreign govern-

The state secretary, Akbar Tanjung, de facto spokesman of the first cabinet of President B.J. Habibie that was sworn in on Saturday, failed ised "elections as soon as possible after we prepare the laws". referring to five principal laws that restrict parliamentary elections to three parties and favour the domipant Golkar party.

This leaves elections unlikely until early next eases concern that the

The justice minister, Muladi, said the new government would release Sri Bintang Pamungkas and Mukhtar Pakpahan, two of Indonesia's best known political prisoners. Mr Sri was convicted for defaming former President Suharto; Mr Pakpahan was jailed on charges of inciting riots in 1996 but his claims of innocence found tacit support from numerous governments. Human rights activists count some 200 political

prisoners in Indonesia. The promises to hold eleconers go some way towards

testers, many of whom have dent protests have resumed, following a jull after last week's resignation of Mr Suharto, and many demand Mr Habibie's dismissal because of his close ties to Mr Suharto and his regime.

up an advisory council on reform and has invited opposeveral have declined for fear of being associated with a regime they see as unpopular and temporary. Mr Muladi said he was reviewing the convictions of East Timorese pro-independence activists but added that communists would not

be freed. He declined to clar-

ify whether he was referring

Mr Habible is trying to set

unpopular new president meeting demands of opposionly those failed shortly intends to serve out a full tion groups and student pro- after the failed communist coup of 1965, or also to eight accepted Mr Habibie only as members of the People's Democratic party, who are serving terms of up to 13 years for organising labour protests in recent years. The powerful armed forces

would object to release of any communists and regards the PRD as a communist movement, but the articles used to convict PRD members are relatively mild. These are half-measures.

one western diplomat said. "Those 20-year olds of the PRD could easily be freed. Habibie has to watch out that he does not repeat the mistake of Suharto, giving nominal promises just to keep the opposition at bay. He only has the goodwill of while.



### Pro-democracy parties sweep popular vote in Hong Kong

POST-COLONIAL ELECTIONS ADMINISTRATION MAY FACE TOUGHER TIME IN LEGCO

By James Kynge in Beijing China is seeking to reverse a

home loans

China to spur

gwift slowdown in economic growth by channelling funds toward the housing market and lifting banking restric-

The expected boost to house sales will, it is hoped, reinvigorate consumer demand and reverse an some would derive from accelerating deflationary sales of household applitrend which is depressing ances to house-proud new corporate profits and invest-

Mao Yingliang, president of the Shanghai branch of the People's Bank of China (PBOC), announced that all banks in China's biggest city may now start to extend mortgage loans through the Public Fund Reserve, which collects contributions from the government, to prospective house buyers and their

Shanghai branch of the Construction Bank, one of Chi-run enterprises may be na's "big four" state banks, reluctant to spend their life was allowed to supply mort- savings at a time when their gages through the Public jobs are no longer assured. Fund Reserve. Mr Mao also told local banks to earmark

nationwide drive to stimulate housing demand before government plans gradually to abolish subsidised housing. Banks have promised to make available more than RMB100bn (\$12bn) in mortgages, up by more than RMB72bn from last year. Government economists

believe that if all these loans are taken up, the resultant

housing investment this year could contribute 1.8 percentage points to gross domestic product growth. Last year China's GDP grew 8.8 per cent but slipped

in the first quarter of this year to 7.2 per cent. Some of the growth impe tus would come from increased construction and

owners, economists said. But there are complications. The prevailing climate of deflation and falling real estate values may convince some would-be home owners to wait for lower prices before buying, economists

such as the northern provinces of Llaoning, Jilin. Heilongiang, and Inner Mongolia, workers receiving Previously, only the subsidised housing from thousands of insolvent state-Mitigating this reluctance, though, are generous mort-

The moves are part of a est rates for a maximum of 20 years. State-subsidised housing is to be sold to occupants at a steep discount to market prices, officials said. In addition, occupants will be pushed toward purchases by the likelihood that the peppercorn rents of the past will gradually start to

China, Page 11

By John Ridding and Louise Lucas in Hong Kong Hong Kong's pro-democracy parties dominated the popular vote in the territory's first post-colonial elections, increasing pressure on the government to accelerate lemocratic reforms. Results announced vesterday for Sunday's legislative elections, the first since

Hong Kong returned to China last July, showed prodemocracy parties had captured 14 of the 20 directlyelected seats, with more than 60 per cent of the vote. The 40 other seats, which were elected through committees and professional nated by pro-business and pro-Beijing groups. But the failure of the pro-business of Baptist University, said Liberal party to win a single the distorted legislature the distorted legislature - The Basic Law, Hong where the majority lack the Kong's post-colonial constiseat in direct elections, sigpublic mandate of the minornalled a lack of popular sup-

The Democratic party, a vocal critic of the Hong Kong government and of Beijing, won 13 seats and is about 15 per cent of their gage terms under the listature. Martin Lee, the elitist veto goes not goes that the currency per holds, the biggest party in the leg-islature. Martin Lee, the elitist veto does not hold, other pro-democracy leaders forced from the assembly at the handover.

Because of the structure of the voting system, pro-democracy forces will remain a minority in the legislature. But pro-democracy leaders said their showing supported calls for a rapid move to a directly-elected legislature. Michael DeGolyer, who oversees the Hong Kong Transition Survey on behalf

ity - could lead to ructions

further down the line. When you look at Indonesia, where we had Subarto returned by 1,000 picked votthat the currency peg holds, the economy holds."

Emily Lau, leader of the Frontier, a pro-democracy group which won three seats, said: "I think people have spoken very loudly and clearly. They support democracy and the pro-democracy candidates have scored a resounding victory.

Mr Lee called for direct elections for all 60 legislative seats in elections scheduled for 2000.

tution, outlines a gradual increase in the number of seats to be contested through direct election. It provides for a decision to be made in 2007 on whether to

Time Ches.hwa, the chief executive, welcomed the 53 per cent turnout, far higher than the 35 per cent recorded in 1995. "This demonstrates strong public support for the first elections and the people's confidence in one country, two systems," he said, referring to the formula which underpinned Hong Kong's return to China. Beiting also applauded the high turnout, but was silent on the support shown for pro-

democracy forces.



Teams Yok-sing, leader of the pro-Beijing Democratic Alliance. at the count yesterday. He ner

Mr. Tung played down prospects of an acceleration in political reforms, arguing Hong Kong's progress towards a fully-elected legislature should continue at the pace stated in the Basic Law.

the strong turnout confounded claims of political apathy, they said a number of issues would have to be tackled before a legislature could be directly elected. These include the absence of a ruling party and the relationship between the executive and the legislature. . .

in spite of a voting system which will strengthen the hand of the government, and the presence of allies in the 40 indirectly-elected seats. political analysts predicted the administration would its legislative agenda.

**NEWS DIGEST** 

CONSUMER SPENDING

#### Japanese department stores' sales increase

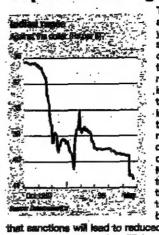
April sales at Japanese department stores showed the first year-on-year increase for 13 months, but were still much lower than two years ago and retailers said consumption remained depressed. Sales rose 8.3 per cent in April from a yeer earlier, to Y716.5bn (\$5.3bn), but were 6.9 per cent lower than in April 1996. The Japan Department Stores Association said the apparent improvement was due to last year's sharp decline in consumer spending immediately following the increase in the consumption tax from 3 to 5 per cent in April 1997. Department store sales fell dramatically that month, and sales figures have shown year-on-year declines every month

The association added that demand was still low, particularly in corporate sales, although spending on some personal items such as seasonal clothing had picked up.

Other figures yesterday showed a smaller year-on-yes increase in supermarket sales, which were not hit as badly as department store sales by the tax increase. Supermarket sales in April were up 1.8 per cent from a year earlier, with a 2.3 per cent increase in food sales. Bethan Hutton, Tokyo

INDIAN CURRENCY

#### Rupee at low against dollar



The indian rupee fell to an all-time low against the dollar yesterday following a decidard and Poor's to change the outlook on India's credit rating from stable to negative in the aftermath of the country's nuclear tests and the imposition of US-led sancrency touched 41.19 to the dollar before recovering to close fractionally above 41. Many now expect the rupee to decline further before settting at between 43 and 45 to the dollar. The currency is being undermined by fears

investment, grants and multilateral loans. There are also concerns that the new "risk premium" attached to Indian corporate loans overseas has effectively

cut Indian companies off from external borrowing. A sudden stampede is highly unlikely in India's regulated serve Bank Intervenes actively, often with the support of State Bank of India. But a weak rupee makes it difficult to cut interest rates to boost India's moribund economy. Kristins Guhs, Bombey

THAI DECREES

#### Door opened to bond issues

Theiland's parliament yesterday ratified four emergency financial decrees allowing the government to raise a combined \$18bn in foreign and domestic bonds and improve the process of disposing of the assets of 56 finance companies shut down late last year.

matter of "life and death" for the troubled That economy, nich is contracting under a severe liquidity crunch. Pass: of the decrees had been delayed since Thursday of last week because of legal obstacles thrown up by the political opposi-

Government officials called the passage of the decrees a

Their ratification, by a surprisingly large margin of 204 to 152, allows the government to submit its fourth letter of intent to the International Monetary Fund today and appoint underwriters for the global bond issue later this week.

But the prospect of increased liquidity does not mean interest rates will fall in the short term, warried the new central bank governor, Chatumongkol Sonakul. He said that Interest. rates would remain an important tool for the government to manage the economy, especially if it was allowed by the IMF to run a deficit of up to 3 per cent of gross domestic product this year. Ted Berdacke, Bangkok

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#### THE AMERICAS

### Saddam warned as **US** forces withdraw

By Nancy Dunne in Washington

v. Nati

against dife

William Cohen, US defence secretary, yesterday warned Saddam Hussein, Iraq's president, against "taking com-fort" from partial withdrawal of US troops in the Gulf because a rapid deployment force could be reconstituted in 48 hours.

"The bomber force can go back in very quickly," he said in a US television interview yesterday. "We will have far more pre-positioned

The Pentagon announced on Sunday that the aircraft carrier Independence with 75 aircraft was being withdrawn from the Gulf, accompanied by five ships. This will leave the carrier John Stennis in the Gulf, as well as 280 aircraft and 17,000-20,000 troops. US forces were sent to the

region last November when Iraq denied United Nations weapons inspectors unfettered access to sites suspected of containing chemical and biological weapons. Tensions have eased somewhat, but he [Saddam] remains a threat to the region," Mr Cohen said.

US President Bill Clinton has yet to make a formal decision to reduce the force level in the Gulf and the latest moves can be reversed. In the meantime, it is necessary to rotate troops who have been serving six months in a "combat zone".

The Independence, the oldest US carrier, is already moving towards Japan. Unless there is an emergency it will proceed to Hawaii and then Washington state for decommissioning.

A Pentagon spokesman said the partial withdrawal "should not be misinterpreted as a lessening of US resolve". Congress was expected to approve soon the \$1.9bn requested by the Pentagon for the additional cost of keeping a force to

•

### Canadian hockey teams cry foul as poor results continue

By Edward Aiden in Toronto

These are not the best of times for Canada's national sport. Not a single Canadian of the Stanley Cup, professional hockey's top prize, which started at the weekend. Canada has not brought home the cup, which goes to the winner of North America's National Hockey League championship, since the Montreal Canadiens won it in 1993.

Internationally the country has fared little better. The Olympic hockey team, the brightest collection of stars the country could ssemble, finished fourth in the Nagano Olympics, losing to the Czech Republic and Finland. Canada did not even reach the medal round in the world hockey championships last weekend.

While most Canadians cknowledge that Europeans and Americans are getting

ferent explanation: unfair

In one of the more entertaining shows to come to Canada's parliament recently, the leaders of the hockey establishment told MPs last month that the problems facing hockey in Canada were just like those of the aerospace and other high technology industries.

"We suffer a competitive disadvantage," says Rod Bry-den, president of the Ottawa Senators. "Hockey is now a global industry, where cities compete with unfair subsidies to attract the best franchises and players from around the world. Unless Canada provides a level playing field for its hockey teams, they will not likely Survive.

Ken Dryden - the star goaltender for the Montreal Canadiens team, which won the Stanley Cup six times better at the sport they once during the 1970s - who is dominated, the heads of Can-president of the Toronto

ada's six National Hockey Maple Leafs, says the six treal president Ronald Corey League franchises have a difterm suffer the common says that whenever the dolhandicap of a weak dollar lar loses a penny, it costs his and high taxes. This has team C\$300,000. The league brought several franchises to has instituted a Canadian the brink of bankruptcy. Two cities, Winnipeg and Quebec, have already lost tribute about C\$2.5m annutheir teams to the US. The

> this spring for Houston before they were rescued by taxes. The six Canadian local investors. teams paid a total of C\$1.4m To the casual fan the biggest problem appears to be the exorbitant salaries earned by NHL stars. The Calgary Flames, for example, had a total payroll of C\$5.8m in 1989 when they won the Stanley Cup; today the fig-

> of the league, which is where and offered long-term taxthe Flames have finished in The clubs cite two other problems. The first is the exchange rate of the Canadian dollar. Which remains below 70 US cents while players' salaries must be

currency equalisation plan. under which US teams conally to each of their belea-Edmonton Oilers almost left guered Canadian brethren. The second problem is

> in property and capital taxes last year compared with the equivalent of C\$4.1m for all 20 US clubs combined. Thirteen American teams paid US cities, eager for the prestige that comes with luring a professional sports

franchise, have built arenas

free deals to attract hockey teams to such unlikely places as Florida and Nashville, Tennessee. If hockey were covered under the North American Free Trade Agreement, quips parliamentary opposition leader Pres-Manning, Canada could

probably launch a successful clubs as badly managed. But US subsidies.

Despite Canadians' love of hockey, the plea for govern- dian sense of identity. ment largesse seems unlikely to win much sympathy from fans who see too many of the stars as overpaid moaners and too many

dispute case against unfair the owners missed no opportunity to curry sympathy by tugging at the fragile Cana-

> recounting his childhood in zen farm ponds using his ments can do to save it."

huddling around the radio to listen to broadcasts of the "Hockey is a unique com-Calgary president Harley mon bond that helps to iden-Hotchkiss grows misty-eyed tify us and keep us together rural Alberta, skating on fro- deserves whatever govern-

### Virgin Islands clears oil stake

By Canute James in Kingston

Legislators in the US Virgin Islands have approved the purchase of a 50 per cent stake in Hess Oil Virgin Islands Corporation by Petroleos de Venezuela (PDVSA). The Venezuelan company will pay \$625m

over 10 years. In addition to its stake in the 425,000 barrels per day (bpd) refinery, PDVSA will build a 45,000 bpd coking unit in the next two years. and supply between 155,000 bpd and 270,000 bpd of heavy crude to the facility for 20 years after the coker is

demanded by PDVSA. The Venezuelan group and

- built. The 20-year supply contract was a condition

but they had to await ratification by the US territory's Senate as legislative approval was needed for a continuation of tax conces-sions granted to Hess Oil. Under the accord the refi-

nery will pay \$2m more each year in property taxes after the coker is built, bringing the company's total property tax bill to \$14m. It will also make a \$8m contribution to education in the US territory, situated in the north-east Caribbean.

Hess Oil is exempt from US import duties on the crude which it brings to the Virgin Islands, while petroleum products it ships to the US mainland are duty-free. Hess sought PDVSA's part-

nership in the refinery, one of the largest in the world, threaten Mr Saddam "in case Hess Oil concluded the following accumulated losses since 1995, according to Fidel elected president. The first he gets up to his old tricks". agreement earlier this year, of about \$1.2bn since 1991. Jaramillo, former head of stage of presidential elec-

#### Upheavals in Ecuador rattle foreign investors impeached by Congress will

Justine Newsome on the long-running political crisis that is leading to slower growth and accelerating inflation

"Ecuador is sinking" was the the central bank. Inflation ness daily newspaper, El Universo, earlier this year. It was not referring just to the have devastated the country's coast, leaving more than 20,000 people homeless, washing away 2,500km of roads and causing farmers

ure is C\$25.8m (US\$17.8m).

Even that is near the bottom

naid in US currency. Mon-

in the price of oil. Ecuador's largest export and generator of 35 per cent of government revenues last year, have combined with political upheavals to leave the country in crisis.

losses exceeding \$1bn.

Economic indicators reflect this. Growth is likely to slow to 1.5 per cent this year, against an average annual rate of 2.5 per cent

headline of Guayaquil's busi- could accelerate to more than 40 per cent, from 30.7 per cent last year and a low of 22.9 per cent in 1995. This El Niño flood waters which year's fiscal deficit exceeds 6 per cent of gross domestic product.

But the country's biggest problems are still political. The government of Abdalá Bucaram, the last democrati-El Niño and a drastic drop cally elected administration. was curtailed by Congress in February 1997 after only six months, following allegations of corruption.

Now scandals are plaguing the government of Fabian Alarcón, Mr Bucaram's congressionally appointed suc-

Mr Alarcón will have just 18 months in power before handing over to a newly tions on Sunday is followed by a second round run-off on July 12. The winner takes office in August.

Heading a weak coalition government, the interim president has been reluctant to take tough decisions on economic reform which could lose him or his party votes. Meanwhile, a national assembly elected last year to reform the constitution has been at loggerheads with Congress and the president.

Foreign investors have been losing faith. The country's first big sell-off - of telecommunications company Emetel - has been cancelled twice in six months due to lack of bidders. The prices of Rcuador's Brady bonds, paper exchanged for distressed commercial bank elected president. The first debt, are the cheapest in



Alarcón: weak coalition

"Things can't get much worse and more bad news won't mean much. Ecuador's real problem is governabilsays an analyst at one

New York investment bank. The national assembly has

ceedings and the consequent high turnover of ministers have consistently disrupted congressional husiness and policymaking. Mid-term congressional elections, which have tended to cut a president's support in Congress, have also been

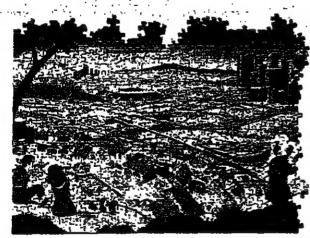
no longer be automatically

dismissed, Impeachment pro-

eliminated and Congress's power over the state budget has been limited. Any new government will have the advantage of a

receding El Niño and a full 41/2 years to carry out a programme. Now investors are looking to a new president to take advantage of the constitutional changes. "Without a big rally in oil

prices, the value of Ecuador's Brady bonds is dependent on the election result introduced reforms aimed at and if we finally see strengthening the executive, reforms," says on New York-For example, a minister based investor.



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trary to World Trade Organi-

The recommendation is contained in a report prepared by independent negotiators appointed to defuse an contributions offered by the from growing rivalry between Embraer of Brazil,

market for civil regional jets. The report was presented to the two governments earlier this month and is expec-

mendation was based on findings that the Canadian government had entered joint ventures with Bombardier and subsequently writindustries have recom- escalating dispute between ten off its investments as mended the prohibition of the two countries, arising losses, granting in effect import substitution subsidies. Both practices were

> appointed after Jean Chrétien, the Canadian prime minister, met Fernando Henrique Cardoso, Brazil's president, during a visit to Brazil

treaty on aircraft exports. in January. Both govern- Proex was a legithmate pro-The source said the recommends ments had threatened to call gramme but recommended orders for the aircraft and for bilateral talks at the WTO. Canada accused Brazil of providing subsidies to Embraer, the Brazilian manufacturer privatised in 1994. through its export programme, known as Proex Brazil subsequently accused Canada of direct subsidies to Bombardier. The leaders

> The report was submitted to the governments earlier

ances, because of the exten-

sive nature of both Ameri-

can's and BA's own airline

networks. BA already serves

19 US cities, which are cen-

tral to transatlantic flights.

together be the dominant

service on six non-stop

where the two airlines cur-

rently compete. The routes

include New York, Boston,

On the other two Heath-

Miami and Los Angeles.

BA and American would

measures be taken to guard against its potential abuse by commercial banks. Proex the ERJ-135, for which it has provides finance for exporters at interest rates much lower than those available in: Brazil, but in line with levels on international markets.

Bombardier leads the market with 330 firm orders for agreed to suspend calls for its 50-seat Canadair Regional talks and appoint indepen-Jet. Its dominance has been challenged by Embraer's ERJ-145, which has led the company's turnaround since

245 options, It recently 73 firm orders and 122 options. Embraer is considering legal action against Bombardier after it was excluded from a Nato contract menaged by Bombardier for supply of training aircraft in Canada. Embraer had been due to supply its Tucano trainer in a \$100m deal, and claims it was excluded as a result of the success of the ERJ-145.

# group

A management shake-up is expected over the next few weeks at the Caspian Pipeline Consortium (CPC), the \$2bn project to build the first new oil export system from the Caspian Sea region since. the break-up of the Soviet

The planned shake-up is part of a package of mea-sures which shareholders have planned to put the project back on track after management last year failed to meet their targets, according to western executives close to the consortium.

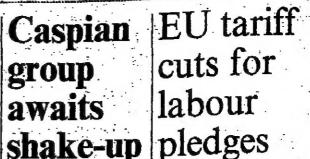
The project - funded by 10 of the world's biggest international oil companies envisages a 1,500km pipeline to run from the Tengiz oil field in western Kazakhstan to a dedicated export terminal pear the Russian Black Sea port of Novorossiysk.

However, the project has been plagued by political and commercial disputes since its inception in 1992. The progress of CPC has been watched closely by the world's oil industry, which sees it as a beliwether for international co-operation in opening the vast oil resources of the Caspian to

world markets. The top six jobs at CPC are reserved for certain companies within the consortium. The general director is nominated by Lukoil, the Russian oil company.

Senior posts are also reserved for other big shareholders, such as Chevron and Mobil of the US - which between them own 70 per cent of Tengiz - and Rosneft. Russia's largest remaining state-owned oil company.

Shareholders are thought to have been especially concerned about the failure of top CPC executives to delegate authority. In addition to management changes, shareholders are expected to set new performance targets for the CPC. They will also monitor more closely the prog-



European Union trade ministers yesterday agreed to offer tariff cuts worth up to Ecu790m (\$884m) a year to developing countries that sign up to international standards on child labour and environmental protection:

The move marks a significant shift from the traditionally punitive stance towards countries failing to respect such standards - often involving trade sanctions to an incentive-based

approach. The EU incentives plan applies to developing countries which already benefit from the so-called Generalised System of Preferences (GSP), reduced tariffs for manufactured goods and processed agricultural products imported into the EU. The tariff cuts range from 15 per

cent to total exemptions. Special incentives will be available to countries which implement the substance of three International Labour Organisation (ILO) conven-

They must allow trade unions, collective bargaining, and aim to eradicate child labour. They must also meet standards for forest preservation set by the International Tropical Timber Organisation.

If all GSP countries signed up to measures making them eligible for the special incentives, they would save some Ecu790m a year.

Member states of the ILO are due to adopt a solemn declaration on core labour standards at this year's annual conference, which opens next week.

In addition, the conference will give a "first reading" to an ILO convention aimed at the rapid elimination of the most intolerable forms of child labour and exploita-

The ILO estimates that some 250m children in developing countries are working full or part-time.

### BA and American fly through flak from Justice Department's antitrust guns

But a bigger test is to come when the Transportation Department considers the fate of the two airlines' proposed alliance. Richard Wolffe reports from Washington

B to draw some comfort from the US government's first views on BA's long-delayed alliance with

But if there is some suggestion of room for manoeuvre over scarce take-off and landing slots at London's Heathrow airport, there is little doubt that the US Justice Department is strongly opposed to almost every

aspect of the BA-AA deal. In a 43-page submission to the Transportation Department last week. US antitrust officials said there was no basis for allowing the deal to go ahead in its current have to make available shape. "The alliance as proposed will significantly reduce competition in many US-UK city pairs, without producing sufficient efficiencies to outweigh the harm,"

in short, if the Justice Department were reviewing the alliance under antitrust laws, it would seek to block

It is fortunate for the two airlines that antitrust officials are not the final judges of whether the deal should be approved by the US government, Instead, the Transportation Department has the power to approve the

will bring public benefits officials say "open skies" final decision is expected

later this year. Chief among these public benefits is an "open skies" bilateral treaty. But the Justice Department concludes the deal would still need to be rewritten, in addition to

"open skies" treaty. The department's demands consist of two proposals - to "carve out" some transatlantic routes, and to allow severely constrained facilities at Heathrow airport.

BA and American would enough slots for at least 24 daily round trip flights - or 336 weekly take-off and landing slots - to open Heathrow to its competitors. That compares with 350 slots demanded by the European Commission, whose proposals BA has already rejected

as excessive. breaks down the 24 daily round-trips into two areas. One set of slots - representroutes where new rivals are

likely to enter. Another set of slots is needed to bolster an "open the two airlines are arch

that outweigh the harm to will not free up the market transatlantic competition. A enough to counter the alliance's damaging impact, cause Heathrow's capacity is so constrained.

> BA says it is encouraged by this distinction, arguing it will have to give up slots for only 14 daily round-trips. But the Justice Department unclear on this point. While it admits the source of the extra 10 slots is "irrelevant", it insists the alliance should be forced to divest slots for all 24 round-trips if able. In any case, both sets of slots would have to go to rivals of BA and American.

> Because the UK government says it cannot create new slots under an "open skies" agreement, the Justice Department says it is unlikely that new slots will emerge in time to compete with the alliance. The department rejects the

alliance's argument that its The Justice Department rivals could buy slots from other airlines, saying the ing 14 daily round-trips - Fair Trading's proposal to needs to be divested on divest slots for just 12 daily round-trips.

prices would be too high. It also rejects the UK Office of At the heart of Justice

Department concerns is that

skies" agreement. Antitrust rivals. "American's aggres-



routes across the Atlantic, officials say the routes should be excluded or carved. out of the alliance.

cago, the airlines' position is tice Department, said: "From so dominant that antitrust a competitive point of view this is a troubling alliance and therefore only a very strong remedy could possibly justify its approval.

To see over the horizon, you need to be over the horizon.



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The flood of foreign capital into South Africa has dried up abruptly in the past month, raising fears of a currency crisis and casting a pall over the interest rate

The Reserve Bank stepped up its efforts to allay concerns over the currency yesterday after the rand hit a fresh record low of R5.17 to the US dollar in New York over the weekend. It closed yesterday at R5.14. The markets were awash with rumours of substantial central bank intervention in the market - put at \$1bb-\$2bb.

"The rand's recent weak- last week. Mr Stals described has also declined, with anabe justified. "In 1996, there ness has no fundamental the situation in global mar- lysis saying the foreign was a policy vacuum. Now basis and appears to have been exacerbated by speculators trying to induce instability," said James Cross. deputy governor of the said the rand's depreciation, which was less than 2 per cent this month, was "nothing in international terms if one looks at what has hap-pened to other emerging

markets recently. Currency traders and analysts believed the present wobble in the markets was small - until the Reserve Bank governor, Chris Stals, ented on the situation

kets, which saw investors losing their appetite for risk in emerging markets, as "very, very dangerous". The comments triggered a

Reserve Bank. Mr Cross also sell-off in bonds last week said the rand's depreciation, from which the market is struggling to recover. The enthusiasm of foreign portfollo investors, which was already cooling down rapidly, froze as worries about

the currency deepened.

Net foreign purchases of South African bonds, running at an average of R4bn (\$780m) a month until April, fell to almost nothing this month. Buying of equities

lysis saying the foreign was a policy vacuum. Now inflows into the Johannesburg stock exchange are the South African governprobably being offset by ment wants to do. On funda-South African financial institutions' scramble to take for the rand to depreciate cash out of the country sharply," said J. P. Morgan through asset swaps. analyst Maarten Zuurmond. through asset swaps.

ache for South African The reasons were that interpolicymakers, as there is a est rates in the money marcurrent account delicit that needs to be financed without depleting low foreign risk in emerging markets exchange reserves. But ana- given the turmoil in Indonlysts do not believe that a self-off of the rand akin to Russia, and Mr Stals's com-1996, when it lost about 20 ments had caused concern. per cent of its value, would

we have a clear idea of what mentals, there is no reason

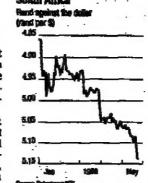
The pause in foreign capital inflows creates a head-vulnerable for some weeks. ket had been too low, investors had less appetite for esia and the problems in "The rand is undergoing a

necessary adjustment. It would be wrong to have an overvalued currency in the present international environment for emerging markets," he said.

Andred a principal and a second of the control of t

Mike Brown, economist at Société Generale Frankel Pollak, said the rand tended to have "a staircase" depreciation against the dollar, with a marked depreciation followed by a period of stability. "The rand is undergo ing a necessary adjustment. It would be wrong to have an overvalued currency in the present international environment for emerging

markets," he said. Nedcor Investment Bank



said the capital outflows rand depreciation and increase in money market interest rates reflected global developments rather than a change in domestic

### World banking system is a 'money launderers' dream'

Report says the ease and speed of 'megabyte money' make it simple to conceal crooked cash, writes lan Hamilton Fazey

it was the biggest money laundering investigation in US history. Evidence had been gathered secretly over many months by undercover officers risking their lives. The suspects were lured to Las Vegas for a conference

on - money laundering.
Then the police struck, arresting 22 banking officials from 12 of Mexico's largest financial institutions, plus 14 alleged members of Mexican and Colombian drug cartels and another 70 people linked to them. Seizure warrants were issued to recover \$122m from bank accounts in the US and Italy, to add to \$35m seized so far. The operation so damaged confidence in Mexican banks that their shares fell collectively by 4 per cent in panic selling.

But as Operation Casablanca struck its blow in the Americas, officials of the United Nations Drug Control Programme in Vienna were editing the final version of a that puts the US triumph into a gloomy perspective.

٠,

probably a conservative estithrough anti-money laundering messures - an overall annual success rate of about laundered funds. Operation Casablanca, with \$157m, will probably help make 1998 good, but hardly vintage.

The report has been prepared by a group of experts for a special session of the UN General Assembly on drugs next month in New international drug trade, more ill-gotten money is being laundered than ever, partly on the back of electronic banking and the increasing globalisation and speed of operation of the international financial sys-

Cashless transactions. electronic trading, and computerised clearing mean that what the report calls "megabyte money" can be moved anywhere with speed and ease. With 700,000 wire transfers worth \$2,000bn It says that at least \$200bn every day the report says it of drug money is laundered is "a reasonable guess that every year, but with the ille- 0.05 per cent to 0.1 per gal international drug trada cent ... contain laundered

And even though half the mate. In a good year, up to total volume of transactions \$500m will be recovered are bank-to-bank transfers of aggregate funds for settlement or loans, the report says the "complicity of cora quarter of 1 per cent of rupted bank employees' ensures these also contain laundered money.

This system is a money launderer's dream."

The one thing law enforcement officers have on their side is that criminals have to play by the rules of the system in order to use it. While York. With the growth of the it is almost impossible to spot transactions in progress once money is in the system, criminals have to risk exposure in putting it there. UN officials want the process made riskier.

At present, criminals reduce their risk by operating through offshore finan-cial havens with lax financial regulation and poor banking supervision. They also hide behind banking secrecy, and disguise the ownership of assets by setting up shell companies and offshore trusts in jurisdictions where no questions are asked about shareholders and beneficiaries.

Many accounts and trusts valued at \$500bn, this is funds to a value of \$300m". are known as "walking"



ones, where there is a standing instruction to move the in the number of banks," accounts to another jurisdiction at the first sign of

inquiry by the authorities. UN officials accept that commercial confidentiality, legal tax avoidance and the easing of capital transfers at low or nil tax rates are legitimate reasons for bank. secrecy and disguising corporate ownership, but they say the system is too lax in some places, allowing infiltration for illicit or neferious

One of the most striking things about offshore finan- a lack of will ... or because cial centres is the enormous monitoring and supervisory

increase that has taken place says the report. Banks can

be set up with relative speed and case and a minimum of due diligence investigation. as long as they meet a basic level of funds, which can vary between one jurisdiction and another. "This provides enormous

opportunities for fraud . . . . It also offers attractive opportunities to create new hanks in jurisdictions where regulations are either minimal or not always vigorously enforced - either because of

capacity is lacking." Some offshore centre banks are little more than "closets with computers," says the report, yet they have full access to the international financial system. Often, they also have correspondent status with principal clearers in the US and UK, which themselves appear to have sometimes

been insufficiently diligent in making correspondence arrangements. Transactions between correspondent banks are rarely questioned by the senior bank and depositors assume that cor- PO Box 500, A-1400 Vienna, respondence guarantees a

To try to get a better grip on the problem, UN officials will ask member states to legislate by 2003. The empha sis is on systemic reform rather than specific tinker-ing. The principles of bank secrecy, and the future of financial havens, trusts, shell companies and shell banks will be the main tar-

What is certain is that the international community will have to display a much greater degree of political will for this to get anywhere. In 1988, UN member states adopted the Convention Against Illicit Traffic in Narcotic Drugs and Psychotropic Substances, which in theory made money laundering internationally recognised crime and gave author ities the right to trace. freeze, seize and confiscate assets, notwithstanding

banking secrecy. As of February this year, however, 40 states of the UN's 185 members had still to sign the convention. Moreover, of those that have signed, UN officials estimate that fewer than 30 are implementing anti-money launder ing measures substantially compliant with the conven-

Pinancial Havens, Banking Secrecy and Money Laundering, will be published early next month by the United Nations Office for Drug Control and Crime Prevention.

### Surprise Saudi visit by Arafat

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By Judy Dampsey in Jerusalen

Yassir Arafat, president of the Palestinian Authority (PA), has made an unexpected visit to Saudi Arabia amid attempts by the Palestinians to convene an Arab summit aimed at freezing

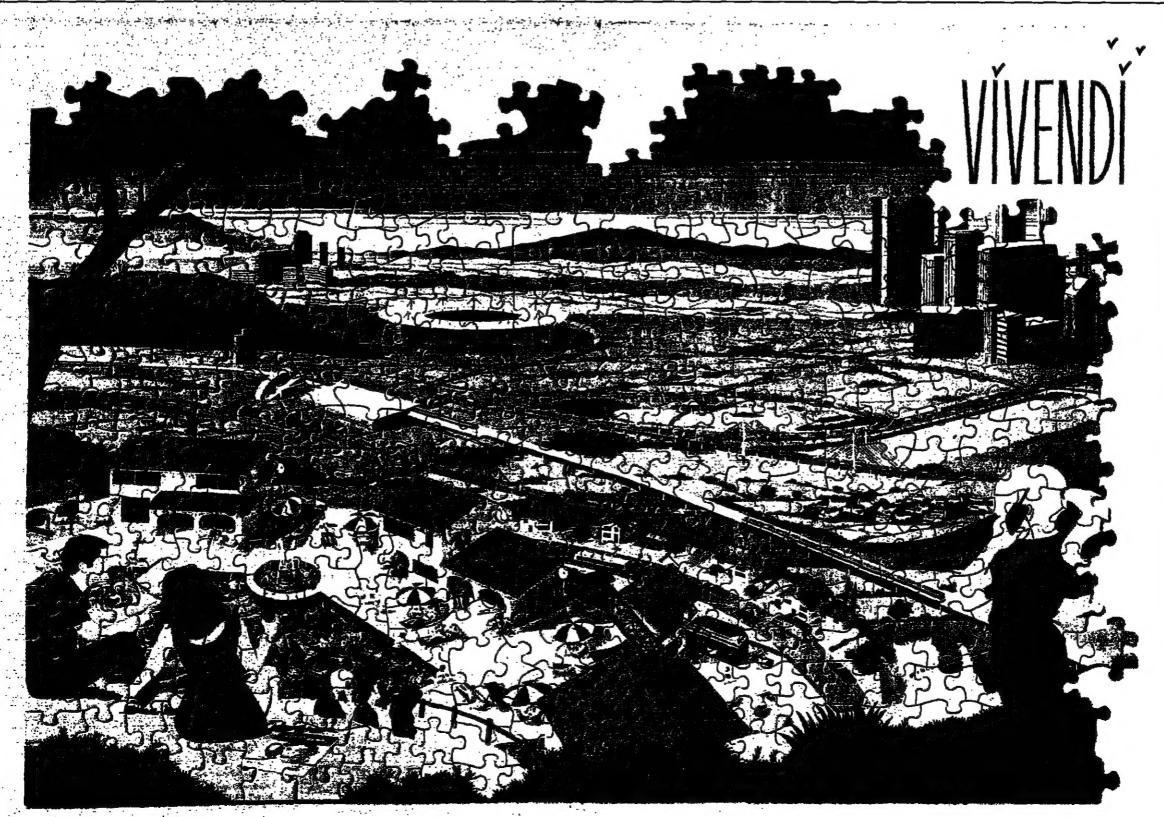
Mr Arafat had talks with King Fahd. Meanwhile Sheikh Ahmed Yassin, founder of Hamas, the Islamic resistance movement, visited Syria after a visit to Saudia Arabia where he was warmly received.

The PA and Hamas are at loggerheads over the strategy to adopt with Israel and the peace process. Mr Arafat is under pressure from the US and Israel to arrest terrorists suspected of belonging to Hamas, which has claimed responsibility for several suicide bomb attacks on Israeli civilian targets. So far, Hamas has not openly challenged Mr Arafat's lead-

ership, fearing a civil war. However, this could change following a meeting yesterday in Damascus between Sheikh Yassin and George Habash, leader of the Popular Front for the Liberation of Palestine (PFLP), a radical Marxist group and opponent of the Israeli-Palestinian peace accord.

"We agreed to form a Palestinian front that would confront Israel with all possible means," Mr Habash fat is already under pressure from Fatab, his political power-base, which is reexamining its support for the PA's backing of the peace process.

Syria yesterday con-demned laraeli plans to settle more Jews in the occupied Golan Heights, saying Benjamin Netanyabu, Israeli prime minister, was blocking all roads to peace. Syria's criticism follows repeated public condemnation of Israel by Jordan. The king says he no longer trusts the israeli premier to keep peace agreement promises.



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**Exchange** 

announce

dealing

reforms

Rule changes for share

dealing on the London Stock Exchange's controversial

electronic order book dealing

system are expected to fall

radical changes some market

participants have called for.

to be announced shortly by

the exchange.

ing liquidity.

The changes are expected

It is believed to have

rejected consideration of

measures that would force

ertain bargains through the

electronic system, known as

Sets, as a means of improv-

The changes follow a

set to

### Blair steps into row over visit by emperor

Tony Blair stepped into the controversy over Japanese surrounding the visit. prisoners of war yesterday amid fears that a bad reception for Emperor Akihito in Britain could jeopardise attempts to bolster trade between the two countries. He appealed to Britons to give the Emperor a warm

welcome this week. Despite the prime minister's unusual intervention, British survivors of Japanese prisoner of war camps vowed to turn their backs on the emperor today when he travels through central London in an open carriage to Buckingham Palace.

The second world war veterans are demanding a fuller apology for the brutality meted out in the camps than that offered in January by Ryutaro Hashimoto, the Japanese prime minister. They also want compensation.

London last night, Mr Blair's relationship between former official spokesman said he wanted the week-long visit to be a success, and added it would be wrong to allow the past to define Britain's relationship with Japan today.

He said the relationship had never been better, as demonstrated by trade and investment between the two

The spokesman, citing a raft of statistics, said Japan Europe and the US, worth turing companies were in the UK providing 65,000 jobs; and about 600,000 Japanese tourists visited the UK each year, contributing £500m to

Mr Blair's statement

reflected growing concern that Britain's trading relationship with Tokyo could be damaged by controversy

Arthur Titherington, chairman of the Japanese labour camps survivors association, said Mr Blair had no right to judge the veterans because he was not a pris-oner. "Mr Blair's problem is that in order to keep his inward investment he will say almost anything."

Itaru Umezu, Japan's deputy ambassador to Britain said the emperor was prevented by the country's constitution from making an

A Downing Street spokesman urged today's demon-stration to be dignified and peaceful

Mr Blair's official spokesman said: "The prime minister wants Britain to give a warm welcome to the Japanese emperor and to see his visit as an opportunity to As the emperor arrived in celebrate a strong, modern enemies who are now close allies on so many issues.

"He believes we can never forget the past or the debt his generation owe to those who suffered; but this should not define our relationship today."

The spokesman added Mr Blair had been impressed during his visit to Japan in January by the country's desire for reconciliation. "He was Britain's largest export also believes that to allow market outside western our relationship to be defined solely by the past is f4.2bm (\$7bm) last year; more to fail to understand fully than 275 Japanese manufac- the achievements of those who fought for freedom.

> their sacrifices that Japan today is a very different country - democratic and with a commitment to

### Baker takes on French to become breadwinner

Alison Maitland meets the man who become a millionaire by learning, then improving, methods used across the Channel

not in France but on a out to improve them. nondescript industrial estate

leading supplier of part- has "transformed consumer baked, frozen bread to supermarkets, which has just been acquired for £44m by Tomkins, the diversified manufacturing group. Richard Vanbergen, who

has become a multimillionaire through the sale of a company he established in 1987 to make French bread "as it used to be", has harsh words for modern bread-making in France. "The French have auto-

mated the manufacturing processes and destroyed the aste," he says. "There are probably only 100 little bakers in France where you can still get authentic French bread ... They have estroyed their heritage."

Mr Vanbergen should know. In his quest for original bread to seduce the British palate, he has visited small bakers across Europe. His staff studied techniques at test bakeries at Le Saffre,

The largest baguette a large yeast-making the principle that if the factory in the world is company in Lille, then set monks could make it, I could."

According to Russ Cumin a London suburb near mings, investment manager Heathrow airport. mings, investment manager for 3i, the venture capital The plant is part of Le group that has backed him completed. He persuaded the Pain Croustillant, Britain's for 18 years, Mr Vanbergen supermarkets that his bread

eating habits".

Yet loaves - and large quantities of dough - were not initially in his sights. In in sliced loaves. the 1970s, he decided to launch a chain of convenience shops. 3i backed the launch in 1980. But a larger chain bought him out. Why, then, did 3i provide

leavening after he changed course into bread-making? Mr Cummings says it believed it was backing a good entrepreneur. "The great stories are where you have a leap of faith certainly paid off. 3i has walked away from the Tomkins deal with about film in cash and its filmplus loans repaid.

him with further financial

Mr Vanhergen began bak-ing bread for his stores when his bought-in supplies failed. Soon he was supplying other stores. "I knew nothing at all

The loaves are part-baked. then frozen and transported to stores, where baking is presented "a new eating opportunity" that would swell sales rather than undermine the mass market

Mr Cummings attributes Le Pain Croustillant's success to its commitment to customers, which now include all the leading supermarket groups. As the company has grown, it has held its prices steady through economies of scale. Mr Vanbergen says Brit-

ons now have access to better French bread than the French. Le Pain Croustillant. which had sales of £47.6m last year, produces nearly 2,000 tonnes of bread a week - many times more than the remaining "authentic bakers" in France. The baguette plant alone turns out four

tonnes of bread an hour. This is industrial baking on a grand scale. So how is it different from today's French methods? Mr Vanber-



gen will not go into detail. But he says it took three years to perfect the process. in which tight control is exercised over ingredients and machinery.

Given his passion for the art of bread-making, selling the business must have been a little painful. But Mr Vanbergen argues that it can

ham Daly, the US commerce

secretary, is due in Northern

Ireland in the next couple of

weeks with what is expected

to be a high powered delega-

doing well over the past

few years, and exports and

manufacturing output have

outpaced the UK as a whole.

of the Industrial Develop-

ment Board, Northern

Ireland's overseas invest-

Alan Gillespie, chairman

The economy has been

tion of US businesspeople.

of a larger group. Hence its incorporation into Tomkins'

Now 49, he is cov about his him. "My remaining ambi-

The marching season, in

which parades are under-

taken by various sectarian

groups - a turn-off for all

but the most gung-ho of

tourists - has still to reach

The longer term outlook

for the economy looks more

precarious. Earlier this

month, Gordon Brown, the

chancellor of the exchequer,

unveiled a £315m package to

underpin the peace process.

However, the government

appears to be signalling a

shift away from conven-

tional methods of supporting

industry, with more empha-

40 per cent a year for some time and needs the financial and management resources

RHM division. next move. There is a touch of Richard Branson about tion," he says, "is not to take

consultation period intended to address the relatively low usage of the new Sets system. The new rules have been agreed by several internal stock exchange committees and are awaiting final approval later this

Only 32 per cent of trades in FTSE 100 companies, measured by value, are traded via the Sets system. The rest are dealt through market makers who may quote prices for shares if they wish but are no longer required to quote firm two-way prices to all callers at any time.

Among the expected the close of the Sets system trading day with that of the London International Financial Futures Exchange, which closes at 4.100m.

Participants have complained of volatile price swings after the futures markets close each day.

Another possible change would delay the opening of trading on Sets to at least 9am from 8.30am. Institutional investors are typically absent from the market before Sam, making it easier for traders to manipulate the market by posting unrealistic share prices on

### N Ireland business gears up for peace

"Forget the politics, just make the trains run on time," said novelist Colm

Toibin yesterday. The sentiment will be shared by many people north and south of the Irish border as they contemplate the economic implications of Friday's momentous referendum result, in which 71 per cent of Northern Ireland's voters backed the Good Friday peace agreement and so gave the green light to the "He believes it's thanks to establishment of an elected

for co-operation with the

power-sharing assembly and

new cross-border institutions

bly yet to be set up, it will be its by Richard Branson, head investment prospects. Wil-efits of any political deal. Ireland politicians will be able to test their skills as managers of the economy.

The proposed cross border bodies - which will foster co-operation in a range of economic areas between Northern Ireland and the Irish Republic - will present an even greater test of the spirit of reconciliation. Chris Gibson, chairman of

the Northern Ireland Confederation of British Industry. said the business community was committed to playing its part in building a more prosperous future together". He said the CBI did not underestimate the task. In spite of high profile vis-

some time before Northern of the Virgin group, and support for the Yes camp from Saatchi and Saatchi, the advertising agency, business has not been untouched by the painful choices of the

past few weeks. Although the CBI and the Institute of Directors were firmly behind the deal. the Northern Ireland Chambers of Commerce - representing retailers, small traders and artisans - refrained from endorsing it.

The immediate impact of ment authority, said it was last week's decision will be essential for the whole comseen in overseas investment munity to work together if and tourism, the sector most the province's economy was susceptible to swings in public confidence.

to improve. Tourism may have to wait a little longer to see the ben-

sis on training and improving the province's infrastruc-

its peak.

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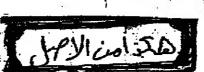
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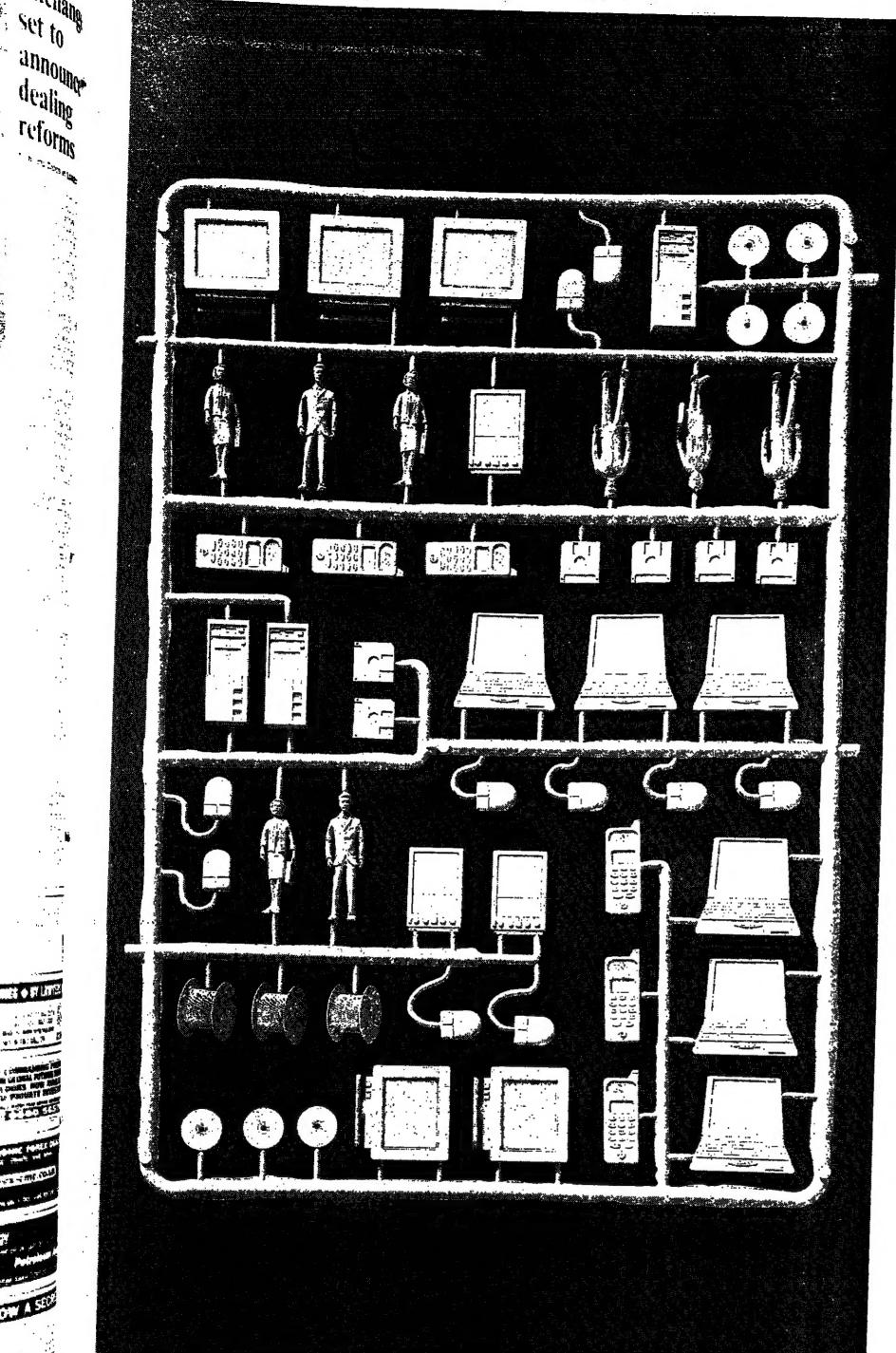






FINANCIAL TIMES TUESDAY MAY 26 1998

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TECHNOLOGY

**GENE SEQUENCING** 

### Rival strategies race to unravel genetic code

Clive Cookson reports on the academic and commercial approaches competing in the Human Genome Project

competition between academic and commercial researchers is invigorating the Human Genome Project, the international effort to unravel our entire genetic code.

As a result of two funding commitments made this month - tive strategy, called "whole about \$200m each from Perkin-Elmer, the US scientific instrument a new generation of ultra-fast company, and the Wellcome Trust, the UK medical charity the race to spell out all 3bn chemical letters in the genetic "book of life" could be over some time between 2002 and 2005.

The two organisations have very different approaches.

Wellcome, the world's wealthiexisting investment in noncommercial gene sequencing, with a pledge that its Sanger Centre near Cambridge will deci-

FROSTBERG

entific strategy.

In contrast, Perkin-Elmer is setting up a new genomics com-pany, headed by Craig Venter, one of the most charismatic and controversial figures in genetic research. It will use an alternagenome shotgun", combined with DNA analysis machines from Perkin-Elmer, "to substantially

human genome in three years". Dr Venter has used this strategy to sequence bacterial genomes at The Institute for Genomic Research (TIGR) near est charity, is doubling its to apply it to the human genome, which is about 1,000 times larger. The DNA will be broken into thousands of random fragments, whose sequence can be deterpher one-third of the genome mined by the new Perkin-Elmer instead of the sixth previously 3700 analysers; computers will out to the highest standards of then work out which bits overlap

together again.

Other researchers doubt whether the strategy will work well, because the human genome is not only so big but also interspersed with regions in which particular runs of chemical letters are repeated many times. These "repeat sequences" make it hard to reassemble the shattered DNA accurately.

Michael Morgan, who runs Wellcome's genomics programme, predicts that Dr Venter's venture will give a much less accurate reading than the more gradual, painstaking approach taken by the Sanger Centre and the universities supported by the US government's human genome programme. "It will inevitably have gaps and will leave a lot of expensive cleaning up work to others," Dr Morgan says. "Our sequencing is carried

"We are an attractive partner

for life sciences companies."

INTERVIEW WITH LUTZ HÄRTEL, MEMBER OF THE BOARD OF MANAGEMENT

Mr. Härcel, is the chemical industry becoming? The chemical industry is a growth industry, and this also applies to our Chemical Division.

Many of the products of SKW's Chemical Division are fairly young. How do you explain that? We are highly specialized and rely very

Internally we are enhancing this growth with sizeable investments, externally through acquisitions and strategic alliances.

Dr Venter retorts that his critics have not appreciated his successful track record at TIGR nor the scope of his new venture with

machines and we'll be able to sequence 100m base-pairs (the chemical letters of DNA] per day more than the world's combined sequencing capacity today," Dr Venter says. "We'll be sequencing the whole genome not once but 10 times. It will be at least as accurate as anything done anywhere else."

The differences between the two sequencing efforts extends beyond their scientific the genes it discovers. Dr Venter sormaches to their materning polemphasises that the applications approaches to their patenting policy and the way they make data

The academic project, which is funded mainly by the US National Institutes of Health, US Department of Energy and the

new spirit of for a fundamental change in sci- and stick the whole genome back gold standard for the future." point of putting all genetic information straight into public datahases: DNA sequences are ed on the internet as they are discovered. The trust is fiercely opposed to the patenting "We'll have 230 of the new 3700 of genes on the basis of their DNA sequence alone. :

The new Perkin-Elmer venture will also make its data publicly available. Sequences will be released quarterly rather than instantly - a delay that arouses suspicion in the Wellcome camp, though Dr Venter says it is for logistic reasons "to make sure that everything we put out is accurate". The venture also plans to patent between 100 and 300 of will be based not only on DNA sequences but also on their func-

to human health. He believes thousands of the

tion and their specific application

human genes. Although partial sequences are known for most of full-length sequences.

genomics in the private sector. Human Genome Sciences led the way in partnership with TIGR in the early 1980s and now has 27 based on creating the best issued US patents on human human genome database and full-length genes, with many more applications pending.

The novelty is a private com-

sequence the whole genome, including the vast regions of "junk DNA" with no known func-5-10 per cent that represents that switch them on and off.

What is Perkin-Ehner likely to much, say some of its potential competitors. William Haseltine, gesture as an altruistic "turn of and off.

that there are about 80,000 the-century gift to science".
tuman genes. Although partial Dr Venter disagrees. Although the gene patents will bring in these, public databases contain revenues, he expects his compaonly 5,000 or so genes as ny's income to come mainly from selling information. "The busi-There is nothing new about ness is not based on exploiting genes and it is not a biotechnol ogy or pharmaceutical company," he says. "It is a service company,

ALTO CHAP

pany declaring its intention to ing the full DNA of a typical man and woman - is only the first stage in understanding how genes work together with envition, rather than focusing on the ronmental factors to determine sickness and health. The motivagenes and the control regions tion of Dr Venter and Perkin-Elmar may not be so much to gain from its investment? Not human genome as to build a strong position for the next stage. when researchers will focus on chief executive of Human individual genetic variations and Genome Sciences, portrays the the factors that switch genes on

HOW THE MACHINES WORK

### Sequence of high-speed events

DNA, the spiral cules corresponding to the molecule that stores four nucleotides.

genetic information The fragments are then in every living cell, is a double-stranded sequence of milknown as nucleotides or

There are four nucleotides: mer. the four letters of the genetic code, A. C. G and T. The heroic task of the Human Genome Project is to discover the order of 3hm nucle otides that provides a blueprint for a typical man or

mated versions of a procedure invented 20 years ago in Cambridge by Fred San-

It involves chopping DNA into small strands about 1,000 nucleotides long and then copying each strand many times in the presence

This gives a mixture of DNA fragments of varying lengths, each finishing with one of four different col-

driven by an electric field through a slab of gel or, the original piece of DNA lions of chemical units in the latest machines, is scanned by laser and distubes filled with liquid poly-

Sequencing machines available today use auto-

of various chemicals.

through hair-thin capillary played on computer screen.

This sorts them by length The order of colours coming The fragments are then off - corresponding to the sequence of nucleotides in

> Two leading contenders in the high-speed DNA-sequencing market are Perkin-El-mer's Applied Biosystems division and an alliance between Molecular Dynam-

acia Biotech. They are engaged in a complex legal battle over patents in the US. Perkin-Elmer's new 3700 analyser will be tested in Craig Venter's proposed sequencing laboratory later this year but will not be available commercially until early 1999, at a price of \$300,000 (£180,000)

The Molecular Dynamics/ Amersham Pharmacia alliance claims that its MegaBace systems, which are already on the market, have a technological lead over existing Perkin-Rimer

FORENSIC DNA TESTING

### 'Proof' under suspicion

one of the greatest crime-fighting techniques. The police's success at solving otherwise intractable crimes has been transformed by the ability to extract genetic profiles from a mere drop of

In future DNA testing is likely to develop rapidly as the underlying science moves forward. It has already come a long way since 1984, when researchers at Leicester University developed a technique for extracting DNA from blood or semen and cutting it up using enzymes. The DNA fragments are then separated in an electric field and made visible with radio-

schive probes on X-ray film. Scientists are now close to another breakthrough: they will soon be able to identify DNA from a single cell, which could be obtained from such minute pieces of evidence as the saliva on the back of a stamp, a speck of dandruff or a single sperm.

Work is being undertaken by scientists at Leeds University together with the UK's Forensic Science Service. They are developing a technique that allows them to amplify a single strand of DNA, until they can identify an individual from the position of six "markers" in the

Forensic scientists are also

A strand of hair or a drop of blood left at the scene of a crime would allow them to. establish the culprit's eye colour, hair colour, nose size and, ultimately, creats a facial reconstruction.

But with the growing power and scope of DNA testing, the way it is used in criminal cases is coming under increasing scrutiny. Nature, the international

science journal, recently published an article under the headline: "British forensic science in the dock." It argued that unregulated have led to wrongful convic-This type of criticism is

not confined to the UK. Meanwhile, the close ralationship between forensic scientists and the law enforcement agencies has been attacked by William Thompson, a professor at the department of criminology, law and society at the University of California at Irvine.

instead of testing samples "blind", forensic scientists know the source of the DNA. which may influence their interpretation, he says.

Criticisms have also been directed at the accuracy of some newer techniques, and, in particular, those for analysing "mitochondrial" DNA These give police the ability

In little more than a moving towards creating a to extract information from decade, DNA profildetailed "photofit" of a sustant information from home hair and samples that are too small, old or degraded for normal DNA analysis, which uses genetic material from the cell's

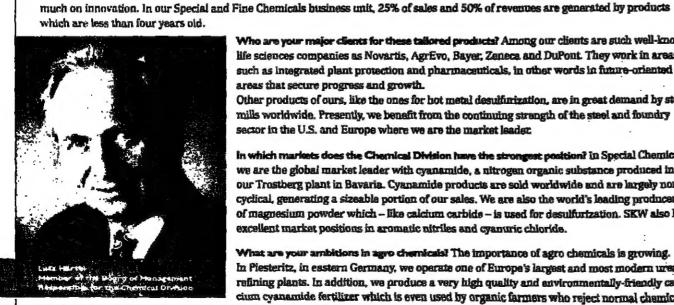
> drial DNA - which comes from outside the nucleus carries extra risks that have not yet been fully quantified, says Bill Shields, biologist at the State University of New

> The problem concerns the assumption that if a sample matches a suspect's DNA, suspect. This may not be true, because an individual's mitochondrial DNA can vary from place to place as a result of mutations.

> Another anxiety about emphasis on DNA tests in the criminal justice system concerns the way evidence is presented in court.

> Jonathan Koshler of the University of Texas at Austin cites a study in which one jury was told that the probability that an individual's DNA matched the sample by coincidence was 0.1 per cent. Seventy-five per cent of the jurors thought that the accused was likely to be guilty. When another jury was told of the same probability, couched in terms of one in a thousand", fewer than half thought he was guilty.

Contact Jade Sandersei



Who are your major clients for these tailored products? Among our clients are such well-known life sciences companies as Novartis, AgrEvo, Bayer, Zeneca and DuPont. They work in areas such as integrated plant protection and pharmaceuticals, in other words in future-oriented areas that secure progress and growth.

Other products of ours, like the ones for hot metal desulfurization, are in great demand by steel mills worldwide. Presently, we benefit from the continuing strength of the steel and foundry sector in the U.S. and Europe where we are the market leader.

in which markets does the Chemical Division have the strongest position? in Special Chemicals, we are the global market leader with cyanamide, a nitrogen organic substance produced in our Trostberg plant in Bavaria. Cyanamide products are sold worldwide and are largely noncyclical, generating a sizeable portion of our sales. We are also the world's leading producer of magnesium powder which - like calcium carbide - is used for desulfurization. SKW also has excellent market positions in aromatic nitriles and cyanuric chloride.

What are your ambitions in agro chemicals? The importance of agro chemicals is growing. In Piesteritz, in eastern Germany, we operate one of Europe's largest and most modern urea refining plants. In addition, we produce a very high quality and environmentally-friendly calcium cyanamide fertilizer which is even used by organic farmers who reject normal chemical fertilizers. Due to its excellent qualities, this multi-purpose fertilizer is applied primarily for special cultures in Germany and abroad.

What are you focusing on in metallurgical chemicals? In this field priority is given to internationalization, particularly to the expansion

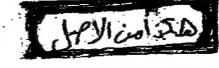
of our Asian activities. We recently entered into new joint ventures with steel companies in India and Tianjin (China).

How has the Asian crisis affected SKW's Chemical Division? With sales of DM 60-70 million in the Far East, the crisis in Asia has not had a very strong impact on us. Our main markets there are Japan and China. In some cases, local suppliers have gained a price advantage as a result of currency devaluations. On the other hand, raw material prices are declining, and there may be some good

Do you have particular plans for acquisitions? SKW would like to strengthen its partnership with life sciences companies through acquisitions. Possible partners are located in western Europe and the U.S. In the course of restructuring, some companies may be selling parts of their businesses which may well fit with us. We already have a number of candidates.

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### Remove the iron rice bowl

Foreign investors may never be able to buy Chinese state assets as cheaply again. But they will suffer a culture shock, warns James Kynge

What would you get for your money if, as a for-eigners may never get the chance to buy into state assets as to buy a former state enterprise in Shenyang, the centre of China's north-eastern industrial

The question is more than acaeconomy has forced the authoriever they can find them

This month Mu Suixin, Shenfind foreign investors for 18 large state companies, with a total workforce of 309,436.

Other cities in the north-east are also planning mass sales; Harbin, near the Russian border, is to put about 1,000 medium and tioneer's hammer in June.

As to the question of what a foreign investor could expect, the answer is likely to be an appallingly managed business. But this is the main attraction, according to Jiang Enhong, a leading corporate turnaround expert in the region, who has himself taken on

Rebellious workers, deception and years of inertia bred from central planning deline the opportunities for any new investor - local or foreign - in China's crumbling state-owned sector, he believes. "I have straightened out the management of companies within 44 days, and set them on the way to profitability." he says. "This just shows how bad their

cheaply again.

Foreign investors can also benefit from preferential terms, such as municipal tax concessions, which are not on offer to locals. Joint venture and foreigndemic. Such businesses have, in Joint venture and foreign-the past, been largely off-limits to invested companies also have foreigners. But China's faltering advantages in raising local bank finance - which private compaties to search for investors wher- nies in China find difficult to secure. "If only I could get banks to lend to me, I would not just be vang's mayor, toured Europe to a tiger, but a tiger with wings," says Mr Jiang

His main problem has been in

When Mr Jiang bought the Shenyang small enterprises under the auc. Antibiotics company, which had not made a

> profit nor paid any tax since 1979, there was one manager to every four workers

who clog most state-owned enter not donate a new chair by the had not made a profit nor paid any tax since 1979, there was one manager to every four workers.

clearly defined. Mr Jiang has removed twothree state companies he has bought, and defined clearly the task of those remaining. Anyone

prises. When he bought the Shen-yang Antibiotics company, which the chair, but we fired him anyway." says Mr Jiang. Laying off workers in China

was necessary to teach workers

that when their factory passed

from state to private hands, their

benefits was taken away. When

maceutical factory, workers were

most came at 10am and many

would return home for the day

At the opening ceremony for

on a seat reserved for dignitaries.

When he was told to move, he

smashed the chair. Mr Jiang told

before lunch.

has been fraught with ideological Some managers had been and social impediments. It is not awarded offices out of favouri- as simple as Mr Jiang makes it tism but their roles had not been sound, but a Communist party congress in September ushered in a phase of faster free market thirds of the managers in all reform. Redundancies are increasingly seen as unavoidable.

who failed to perform their Congress in March, also helped to worker owning shares.

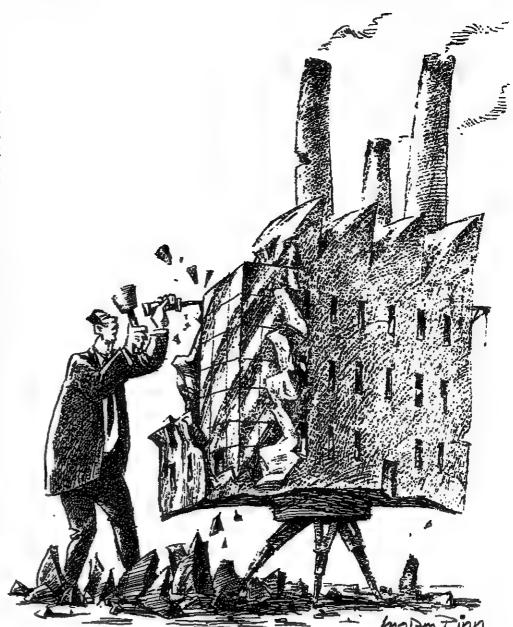
overturn an ambiguous official stance on private ownership by permitting "diverse forms of pub-The work is arduous, but for- duties was fired, he adds. lie ownership. In Shenyang, this A measure of shock therapy has been taken as a cue for the rapid and comprehensive sale of state assets. Thousands of state enterprises are to be sold this year and next.

"iron rice bowl" of socialist-era Gai Ruyin, the deputy mayor. says that a severance allow he took over the Xincheng Pharof, say, 10,000rmb (\$1,222) could be paid per worker by the new supposed to arrive at 8am but owners of state companies, and that the cost of providing for those who are made redundant may be set against the purchase the factory, one worker sat down price of the factory.

Morale among the remaining workers is a complicated issue. But Mr Jiang believes that some of the control mechanisms found in state enterprises, such as the Communist party cell and the trade unions, should be retained. The Communist party has been invaluable in resolving industrial disputes because it carries the authority of China's most power-

One worker had lost his legs when he was run over by a train. He was causing trouble outside the factory, inciting others to militancy. With the party cell's intervention, a settlement was found. Mr Jiang's company bought him a mobile telephone and a stall: he now rents out the phone for calls and sells wine by the factory gate.

But Mr Jiang is conscious that the beavy hand with which he has put his corporate empire in order should at some point give way to a lighter touch. Eventu-The September congress, and ally his three factories are to be the subsequent National People's "democratised", with each





below Om of Polaroid's new ads

**MARKETING** BRAND MANAGEMENT

### An instant party with your Polaroid camera

there was nothing to beat sales remain healthy.

Bartle Bogle Hegarty, the company's advertising agency in alcohol and karaoke." Europe, is trying to tackle the

There was a time when brand as a "social lubricant". introduced during the next three awareness and relevance," he camera available where young a Polaroid camera for BBH's deputy chairman: "Polarinstant gratification. But in a oid operates in a different market hour film processing and the advanced photography systems. model, producing very small pic-camcorder, Polaroid's European Rather than recording the event, tures, aimed at teenage girls. sales are suffering, although US it adds to it and helps it to become more informal. It's less establish the brand before about memories, it's more like launching the new products.

According to Martin Smith, years, says Brian Poggi, vice-president of Polaroid Europe. There are plans for a single-use. world of disposable cameras. one- from 35mm cameras and instant camera and a smaller

"It was essential for us to re-Since the launch of the campaign problem by repositioning the new range of products will be have seen a rise in sales, brand

There will be a move, too, away from the traditional camera outlets such as specialist shops and department stores.

With the emphasis on buying a Polaroid to enhance a social occasion, the company is focusing on finding sales points that are open after 5pm, such as video hire As well as the advertising, a in continental Europe in 1995, we shops or liquor stores. Even

people go out, there have also been promotions at night clubs.

Mr Poggi says that one of the new products will be inflored to night clubs, though he does not say how. He envisages that the single use Polarolds may be on sale at airports and other points

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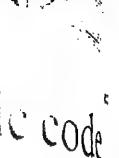
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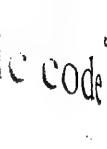
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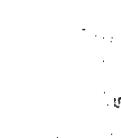
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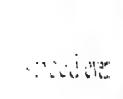




















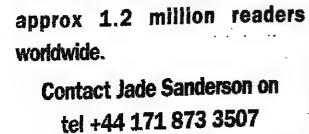


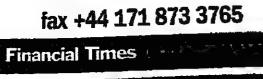


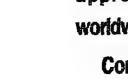
















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#### **CONTRACTS & TENDERS**

REPUBLIC OF LEBANON MINISTRY OF MUNICIPAL AND RURAL AFFAIRS COUNCIL FOR DEVELOPMENT AND RECONSTRUCTION SOLID WASTE /ENVIRONMENTAL MANAGEMENT PROJECT MODIFIED INVITATION TO TENDER Cazas of Tripoli (Tripoli,El Mina,El Beddavi,El Bahsass and El Quias

Packages 1 and 3: Supply of Collection and Cleaning Equipment

The Republic of Lebanon has received funding from the International Bank for Reconstruction and Development (IBRD) towards the cost of improvement of the solid waste management sector in Lebanon and it is intended that parts of the proceeds of this loan will be applied to eligible payments for the Supply of Cleaning Equipement project for the Caza of Tripoli. The Republic of Lebanon, represented by the Ministry of Municipal and Rural Affairs and the Council for Development and Reconstruction (CDR), invites sealed bids from eligible contractors for the following:

PACKAGE 1: Supply of 3 waste collection compactor trucks (capacity 5m²) and 6 waste collection compactor trucks (capacity 10m²). PACKAGE 3: Supply of street sweeping mobile equipment, namely 7 pick-up vehicles, 1 mility truck, 1 mechanical street washing / watering vehicle, 1 mechanical street sweeper, 1 wheel loader and 1 water tank truck.

This project will be administrated by CDR based upon the World Bank's guidelines and the packages will be considered separately and distinctly. Contractors can acquire the bidding documents and bid for one or both of the above-mentioned two

packages.

Contractors who have already undertaken similar projects are invited to apply for one or both of the above-mentioned packages and will be subject to post-qualification according to the criteria stated in the bidding documents

The bidding documents will be available for collection at CDR offices against the sum of US\$ 200 (two bundred) for each package in the form of a banker's certified check in the name of the Council for Development and Reconstruction as of Monday 25th of May 1998 and are to be returned before twelve o'clock noon (Beirus local time) on Monday 15th of June 1998 at the following address: The Council for Development and Reconstruction - Tallet el Serali - Belrut - Lebs The bid opening will take piace at the CDR on Monday 15th of June 1998 at twelve o'clock poon (Bohrut local time). Further information may be obtained from: The Council for Development and Reconstruction.

Tallet el Serail, Beirut, Lebanon - Phone: 961-1-981 431/2 - Facsionile: 961-1-647 947

REPUBLIC OF LEBANON MINISTRY OF MUNICIPAL AND RURAL AFFAIRS COUNCIL FOR DEVELOPMENT AND RECONSTRUCTION SOLID WASTE /ENVIRONMENTAL MANAGEMENT PROJECT SECTOR MODIFIED INVITATION TO TENDER Cazas of ZAHLE, BAALBECK and HERMEL Packages 2, 3 and 4: Supply of Collection and Cleaning Equipment

and the Equipment for Transfer Station The Republic of Lebanon has received a loan (No 3899 LE) from the international Bank for Reconstruction and Develo (IBRD) towards the cost of insurovement of the solid waste management sector in Lebanou (SWEMP) and it is intended that parts of the proceeds of this loan will be applied to eligible payments for the Supply of Collection and Clearing Equipment and Transfer Station for the Cazas of Zahlé, Baalbeck and Hermel.

The Republic of Lebanon, represented by the Ministry of Municipal and Rural Affairs and the Council for Development and Reconstruction (CDR), invites scaled bids from eligible contractors for the following: PACKAGE 2: Supply of 11 waste collection compactor trucks (capacity 5m²) and 20 waste collection compactor trucks (capacity 10m²)

PACKAGE 3: Supply of street sweeping mobile equipment, namely 12 pick-up vehicles, 3 utility trucks, 2 mechanical street washing / watering vehicle, 2 mechanical street sweepers, 3 wheel loader and 3 water tank trucks.

PACKAGE 4: Supply of transfer mobile equipment, namely 1 transfer truck and 1 transfer trailer. This project will be administrated by CDR based upon the World Bank's guidefines and the packages will be considered separately and distinctly. Contractors can acquire the bidding documents and bid for one or more of the above-mentioned

three packages. Please note that Bid Documents, for packages No. 1 and 5 for this same tender as collected according to the Contractors who have airesdy undertaken similar projects are invited to apply for one or more of the above-ment packages and will be subject to post-qualification according to the criteria stated in the bidding docu

The bidding documents will be available for collection at CDR offices against the sum of US\$ 200 (two laundred) for each package in the form of a banker's certified check in the name of the Council for Development and Reconstruction as of Monday 25th of May 1998 and are to be returned before twelve o'clock noon (Beirut local time) on Monday 15th of June 1998 at the following address: The Council for Development and Reconstruction - Tallet el Serali - Beirut - Lebanon.

The bid opening will take place at the CDR on Monday 15th of June 1998 at twelve o'clock moon ( Beirut local time).

Further information may be obtained from: The Council for Development and Reconstruction Tallet el Serall, Beyrouth Lebanon. Tel: 961-1-981431/2 - 981253 - 643980/1 Fax: 961-1-864494 - 647947

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#### IN THE HIGH COURT OF JUSTICE CHANCERY DIVISION

COMPANIES COURT

No. 006303 of 1996 No. 01056 of 1998 No. 01057 of 1998

In the Matter of **BARINGS PLC** (In Liquidation)

LEGAL

NOTICES

In the Matter of

Bishopscourt (BGH) Limited (formerly BARING GROUP HOLDINGS LIMITED) (In Liquidation)

In the Matter of Bishopscourt (BB&Co.) Limited (formerly BARING BROTHERS AND CO., LIMITED)

(In Liquidation) and in the Matter of the Insolvency Act 1986

NOTICE IS HEREBY GIVEN, pursuant to Rule 11.2(1A) of the Insolvency Rules 1986, that the liquidators of the above-named companies (hereinafter called "PLC", "BGH" and "BB&Co") which are being wound up pursuant to the orders of the Court dated 25th November 1996 (for PLC) and 16th March 1998 (for BGH and BB&Co) intend to pay a first dividend to creditors within the period of 4 months from 17th June 1998.

PROVIDED THAT such dividend shall only be paid if the English High Court shall have first sanctioned a scheme of arrangement under section 425 of the Companies Act 1985 (hereinafter called "the scheme of ment") proposed to be made between PLC and BB&Co and their respective scheme creditors as defined in the scheme of arrangement in relation to the payment of amounts due from PLC and Barings BV on the 1986 Notes and the Perpenual Notes as defined in the scheme of arrangement and the scheme of ment shall have become effective in accordance with section 425(3) of the Companies Act 1985.

AND TAKE NOTICE that pursuant to a direction of Sir Richard Scott VC dated 29th April 1998 the AND TAKE NOTICE that pursuant to a decessor of Sir Figure 2000 VC. cased 29th April 1990 the creditors of PLC, BGH and BB&Co are required, on or before 17th June 1998, to prove their debts by sending to the undersigned Nigel James Hamilton, Margaret Elizabeth Mills and Alan Robert Bloom of Ernst & Young, Becket House, I Lambeth Palace Road, London SEI 7EU, the liquidators of PLC, BGH and BB&Co, loung, Secret riouse, I Lampent Passer Rosso, Lambant Set I E.C., the inquidators of P.C., Set H and sign. Co. a proof of debt in the prescribed form and, if so required by the inquidators, to verify their claim of debt by an afflidavit of debt. A creditor who has not proved his debt before the date memioned above is not entitled to disturb, by reason that he has not participated in it, the first dividend or any other dividend declared before his debt is proved, and the liquidators will not be obliged to deal with the proofs of debt lodged after the last date for proving, 17th June 1998.

Dated this 22nd day of May 1998

Nigel James Hamilton, Margaret Elizabeth Mills and Alan Robert Bloom, the liquidators of PLC, BGH and BB&Co of Becket House, 1 Lambeth Palace Road, London SE1 7EU.

#### **BUSINESSES WANTED**

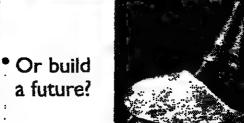
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#### **CONTRACTS & TENDERS**

Joint stock company Eesti Raudtee (AS Eesti Raudtee) announces

#### **A COMPETITION**

for finding an investor for establishing a company for providing international

- railway passenger transportation services jointly with AS Eesti Raudtee 1. AS East Raudice, acting pursuant to the "Reorganisation and Privatisation Scheme and Guidelines for the State Enterprise "Eesti Raudiee" as approved by the ordinance no 442k of the Government of the Republic of Estonia of June 11th, 1997 shall establish a company for providing international railway passenger transportation services
- (hereinsher: "the Company"). 2. The Company shall be established by AS Easti Raudtee together with an investor (hereinafter: "the Investor") as chosen on the basis of the present competition (hereinafter: "the Competition").
- 3. The Company shall be established in accordance with Estonian law with the decisive majority (more than 50% of the votes determined by the shares) of votes belonging to the
- 4. The Competition shall be implemented pursuant to the terms and conditions set forth by the Resolution of the general meeting of the shareholders, acting through the Minister of Transport and Communications, of AS Eesti Raudiee of April 13th, 1998 (hereinafter, "the Terms and Conditions of the Competition").
- 5. AS Easti Raudice shall, upon the formation of the Company, transfer to the Company as an in-kind contribution, assets necessary for organising international passenger transport and conclude an agreement for the milisation of necessary railway infrastructs 6. Upon the establishment of the Company, AS Eesti Raudtee and the Investor shall conclude a Shareholders' Agreement which shall, in compliance with the Terms and Conditions, set
- forth the duties of the shareholders vis a vis the company, 7. Inforanzion on the Terms and Conditions of the Competition and the terms and conditions for the establishment of the Company as well as the procedures therefore shall be delivered as a standardised package in Estonian and English languages to the address indiciated by the applicant within three (3) days after the payment of 8,000 Estonian Kroons or 1,000 Deutische Marks to the bank account of AS Eesti Raudtee no 1120238719 in the Eesti Hoitipank, code 650. The sum mentioned bereabove shall not be returned upon the closing of the Competition. Information on the Terms and Conditions of the Competition shall be made available upon a written request therefore to the address

AS Eesti Raudtee 36 Pikk Street, suite 310

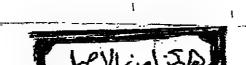
Talling EE0100, ESTONIA phone: +372 61 58 508/telefax: +372 6 158 710

8. All natural persons or corporations existing under private law, except such persons in which more than one-third of the votes determined by the shares or stock are held, directly or indirectly, by the Republic of Estonia or any local government unit of Estonia, shall be deemed qualified to participate in the Competition.

9. The render shall be presented pursuant to the Terms and Conditions of the Competition in a firmly sealed envelope marked as "Competition: International Passenger Transportation Company" addressed to 36 Pikk Street, Talling EE0100, Estonia, the Chancellery of AS Eesti Raudice.

10. Only the tenders that have arrived to the address indicated in Section 9 hereabove by

14:00 hours, August 1st, 1998, Estonian time, shall be considered as participating in the



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### THE ARTS

## The winner – after an eternity and a day

Nigel Andrews on the Palme d'Or winner, runners-up and losers as Europe's most prestigious film festival draws to a close for another year

Greek director Theo Angelopoulos, who has been a giant of film festival cinema for 25 years, ever since *The Travelling Players* bowed at Cannes, and who made an audibly burt runner-up speech three years ago when Utys Gaze narrowly lost to the rival Balkan epic Underground, has at last won the Palme d'Or.

Eternity And A Day, a meditative odyssey on themes of loss and love, was the last film to be shown in the competition – thereby ruining Cannes betting cards. These were filled with shortlisted favourites-to-date (which were previously reported here) such as Boorman's The General, Benigni's Life Is Beautiful and Loach's My Name Is Joe. The first was consoled with a best director prize while the second made do with a grand

jury prize. The third took best actor for star Peter Mullan which must have left Loach himself feeling a little robbed

French director Erick Zonce might have expected more too than a best actress prize - to Elodie Bouchez - for his eulogised first feature La Vie Rèvèe Des Anges. The slight plot about two female flatmates split apart by one girl's torrid love affair is enriched by Zonca's laser-sharp detailing as well as Bouchez's powerful performance.

Two films about child abuse were rewarded with "special fury prizes". France's unconvincing mood-piece La Classe De Neige deserved it less than Denmark's fitfully brilliant Celebration. Thomas Vinterberg's handheldcamera tragicomedy about a

family reunion - T.S. Kliot out of Mike Leigh - is often bleakly hilarious, though there may be something too neatly autodestruct about a plot where everyone has a chip on his shoulder and/or chips away at

other people. Several films, especially late on, battled for Palme de Drosse From Russia, Alexei Guerman's wacky comedy to criminal lengths in a political satire apparently photographed by St

Illuminated Heart, in which a boy and a mentally disturbed girl love each other to distraction the audience's distraction - over ione scenes and years. And for half an hour Todd Haynes's

Hector *Pizote* Babenco gave us

The maker of arthouse samizdats such as *Poison* and Safe goes pop in this satirical fable about the Glam Rock early 1970s. Filming in psychede hues, he throws everything at us from the ghost of Oscar Wilde to Bwan McGregor as a blondvigged bisexual American rocker entwined romantically with a British counterpart (Jonathan Rhys-Meyer). In this film it is good to be gay.

It is not so good to be sitting in the third row of the stalls. Eyes and cars are assaulted, although eventually you sit back and enjoy. This is not an argumen for aesthetic rape; just that with Haynes you have the sense that anything can happen and entually things you do not like will yield to things you do.

the festival's second week, we photographed in bleak Antonioni gazed at the screen looking for movement like birdwatchers gathered in a 2,000-seat hide was the winner. As a title Many gave up completely on Hou Eternity And A Day almost Hsiao-hsien's Flowers Of imities rude remarks. For Shanghai, walking out midway detractors it is the average through this brothel-set still running time of a Theo

life seemingly without end.

Shuffling off his sometimes cumbrous symbolism, Angelopoulos makes a spare, forked, beautiful movie about the choices offered by the path of life

Lodge Kerrigan's Claire Dolan was more gripping, just the tale of an American call-girl (Katrin Cartlidge with accent; battling runically with love and timor portis. You come out humming

Angelopoulos movie. But here

But the best no-frills latecomer

Bruno Ganz as a poet in existential exile wanders through a musing, even lyrical walkabout, where mists and mystery street weddings and whispering seashores spell out a

world where no one quite belongs but which no one, also, wants to

For all the film's slowness, we don't want to leave either. Shuffling off his sometimes cumbrous symbolism, Angelo poulos makes a spare, forked. beautiful movie all about the choices offered by the path of life and the final no-choice face-off between life and death.

Minimalism signed out, inevitably, just before the closing night film. This was Godzilla, the spirit of movie maximalism. The creature stomped into town scattering hotels, yachts, limmos and critics. He;she was screened out of competition - which may have angered him her even further - while I and anyone else who could escaped via Nice Airport.

Best, we thought, to postpone nster meeting until Godzilia's fine-tuned July Euro-release, Especially, we also thought, after a Cannes Festival whose tasty astringent variety hardly needed a big-bang ending

ART THE TATE, LIVERPOOL

### A Cubist adventure on the Mersey

William Packer welcomes the gallery's new spaces

The north-western corner block of Liverpool's Albert Dock, with its high, spectacular views across the Mersey, remains to all outward appearance much as it was when it was built early in the 19th century - albeit a little smarter, with the wear and tear of ancient commerce long since repaired, but as massive and hand-STIME AS EVET.

Taken over by the Tate in the mid-1980s and opened as its northern arm in 1988, it has, however, been closed these past 18 months for

#### Last week's reopening is a cause for celebration

extensive interior remodelling to finish what the late James Stirling's original plans: the conversion into exhibition gaileries of the building's top floor, high up under the barrel roof and commanding the most spec- pool to Hull. tacular views of all.

In the hands of Stirling's successors. Michael Wilford and Partners, the opportunity has also been taken to rationalise and extend the administrative offices, the shop, café and entrance hall, A further 30 per cent of the actual space has now been brought into use, at a total cost of just under £7m. £3.8m of which came from the Heritage Lottery Fund, with the balance met by the five local boroughs and corporate and

private donors. Some might ungenerously wonder why all this was not British response to come done in the first place, at less cost. But pre-lottery and during a recession, there is

numbers were grossly underestimated, the pattern of use as it evolved was naturally unforeseen. Curatorial priorities and practices change, and the very latest equipment and techniques bring new opportunities. Ten years on is no bad time to try again, in the light of practical experience, to get things

Last week's reopening, then, is cause for celebration: the successful accomplishment of a sensible scheme that gives the institution a national rather than regional importance.

The opening displays are curiously low-key; indeed. those new galleries at the top are still effectively exhibits in themselves. They are generous, light and airy spaces exhibiting installstions by six artists - including one of last year's Turner finalists, Christine Borland (with a set of blue-and-white porcelsto skulla) - who were asked to make a work in some sense based upon the city of Liverpool They are shown as part of "Artranspennine98", a far wider project that throughout this summer is running innumerable related exhibitions in a broad swathe across the entire country, from Liver-

The other displays prove more substantial, serving the admirable if under-stated strength in depth of what the Tate has now taken to calling its National Collection of Modern Art.

The Spirit of Cubism in particular is gratifyingly impressive, not least because it demonstrates the Tate's principled nerve in consigning one of the most important groups of work in its entire collection to the North It has become a conventional away from visiting modern



account of the Cubist advenasso's "Demoiselles d'Avignon" of 1906, now in New York, and ended with his great "Three Dancers" of 1925, which the Tate acquired direct from Picasso in 1965, for all of £60,000 and tion. of England for a whole year. . to questions in the House.

Here, on the cusp of Surrealism, "Three Dancers" concludes a show that begins by tracing sources back to

mate collaboration between

York not merely impressed. Cecanne on the one hand of the century, with Severiminiscent of Magritte's but belittling our own. Yet and tribal sculpture on the ni's speeding, smoky railway strange flying objects.

here we have, in examples of other, and with Picasso and train, and Delaunay's fracthe highest quality, a full Braque in their brief, inti- tured cityscape above the ture which started with Pic- 1909 and 1911. The widening in Finsbury Square almost ripples and after-shocks are the day before yesterday, sculpture, figuration, registered in the works of and with Auerbach, Koons, abstraction - from Vanessa such as Gleizes, Gris, Hamilton, Grosz and so on Lipchitz and Laurens, paral- into the bargain. It is a leis drawn with Mondrian. It loosely interpreted theme: is an absorbing study exhibi- Mondrian is here again, but now in the 1930s at his most Urban, in the gallery next rigorously reductive; Ell-door, is a more loosely the-matic, less solidly art-histori-mal as he would ever he, and cal display, drawing upon Mary Martin with an hypthe collection from the turn notic abstract mobile oddly

A rolling miscellany of Modern British Art completes the present visual treat - landscapes, still-lifes, Bell to David Hockney. Henry Moore to Ghisha to his son, Ben.

The Spirit of Cubism: Urban: Modern British Art - all from Tate Gallery Liverpool, Albert Dock, Liverpool 3, until April 1999. Artransnenn

FINE ART FAIR NEW YORK

### Rain starts play at the Armory

After five years, the and an especially sensitive seems to have finally found its footing. Organised by pro-moters Brian and Anna Although the M Haughton at New York's Park Avenue Armory, this year's incarnation (May 7-13) was one of its most successful ever - a fact due less to the quality of art on offer than to the most capricious

of reasons. First, the Haughtons were ucky with the weather. The May fair usually coincides with New York's first kiss of summer, sending every sane person to their vacation cottages, beaches or parks. This year. New York was soaked by 12 days of rain. In search of a nice place to kill a few hours while waiting for the rain to cease, a good number of the damp public outside found their way to the

Armory.

The second reason for the fair's popularity was that just when the buoyant economy has spawned dozens of potential collectors, the auction houses came up short. Thin pickings at both Sotheby's and Christie's spring sales made the Armory's offerings an attractive alter-

charity, which proved popular. The glittering black-tie opening dinner drew over record \$750,000 for the Lenox century French drawings social services agency for Manhattan's Upper East side. Happily for the dealers, several first-night purchases were made, including "Still-Life of Roses" by Fantin-Latour at Galerie Schmit of Brussels sold both a Bel-(Paris) for just under \$1m. Although old master picsion this year compared to past fairs, a handful sold, most notably Richard Green's large floral still life

were popular. London dealers at an art fair - people won't ers Spink/Leger sold eight understand it!" sheets, notably a rare penand wash Gothick fantasy by Victor Hugo, for \$200,000,

by Abraham Mignon, and

Aert van der Neer's "Winter

International Fine Art Fair pen-and-wash sheet of

"Mourning Women" by John Although the May fair began as primarily an old masters event, the increasmaterial has led Impressionists and other 19th century paintings to dominate the proceedings. Paris dealers were particularly successful. with Galerie Daniel Malingue selling a fine Pissarro, "La Route de Louveciennes" for \$1.9m, and among Galerie Hopkins-Thomas' sales was a 1901 Monet pastel of Charing Cross Bridge for \$740,000. Hollis Taggert Galleries of New York brought American

**Encouraging were** the number of sales of paintings of serious, but uncommercial, subjects

pictures in the \$20-90,000

range by mostly lesserknown artists, selling a still Third, the Haughtons life by Anna Elizabeth Hardy changed their opening night for \$22,000. Moderately priced 19th-century French sculpture and medals from David and Constance Yates 1200 people and raised a of New York and 19th-Hill Neighborhood House, a from Neil Fiertag of Paris were also popular.

But perhaps the most encouraging aspect of the fair were the number of sales of serious uncommercial subjects. Patrick Derom gian symbolist drawing of an Archangel by Jean Delville and a Henry de Groux pastel of a jowly Richard Wagner. bre "Lamentation Beneath the Cross" was sold by W.M. Brady to an American museum for \$45,000. All Landscape" sold by Clovis these gave lie to the com-whitfield. Drawings in particular elicit: "You'll never sell that

#### INTERNATIONAL

### Arts Guide

#### **AMSTERDAM**

Netherlands Opera, Het Tel: 31-20-551 8911 production conducted by Hartmut Haenchen in a staging by Plerre

#### BERLIN CONCERTS

Philharmonie Tel: 49-30-2548 8354 Berlin Philharmonic Orchestra: conducted by Bernard Haitink in works by Schubert and Shoutskovich. With soloist Matthies Goerne; May 29, 30, 31

#### **DUBLIN**

EXHIBITION trish Museum of Modern Art Tel: 353-1-612 9900 Brian Cronin: Fat Face With Fork. First exhibition in Ireland of work by the Dublin-born, New York-based illustrator. Spans his career from his first illustration to recent drawings, and includes

#### FLORENCE OPERA Maggio Musicale Fiorentino

Tel: 39-55-211158 www.maggiotiorentino.com

Le Comte Ory: by Rossini. New production conducted by Roberto Abbado in a staging by Lorenzo Mariani; ETI-Teatro della Pergola; Wozzeck by Berg. New

production by William Friedkin, conducted by Zubin Mehta; Testin Comunale; May 26, 29; Jun 1

#### **GLASGOW**

Scottish Opera, Theatre Royal Tel: 44-141-332 9000 The Queen of Spades: by Tchaikovsky. Conducted by Richard Armstrong in a staging by Yannis Kokkos; May 28

#### **GLYNDEBOURNE**

Glyndebourne Festival Opera Tel: 44-1273-815 000 Cosi Fan Tutte: by Mozart. New production by Graham Vick, conducted by Andrew Davis. Cast includes Alan Opie and Barbara Frittali, With the London Philharmonic Orchestra; May 30;

 Katya Kabanova: by Janáček. Revival of Nikolaus Lehnhoff's production, conducted by Yakov Kreizberg, with designs by Tobias Hohelsel. Cast includes Amanda Recoroft, With the London

Philharmonic Orchestra; May 26, 29, 31

#### HELSINKI

Finnish National Opera Tet: 358-9-4030 2211 Siegfried: by Wagner. Conductor Leif Segerstam, director Götz Friedrich and designer Gottfried Pitz continue their collaboration on the Ring with this new production. The title role is sung by Stig Andersen; May 29

The Magic Fluts: by Mozart. director Etienne Glaser, designed by Peter Tillberg; May 28

LAUSANNE EXHIBITION Fondation de l'Hermitage Tel: 41-21-320-5001 Pointilisms: more than 100 works, including loans from Europe and the US, tracing the influence of Seurat on a generation of young

painters at the turn of the century;

#### LONDON

CONCERTS Barbicont Hall Tel: 44-171-638 8891 London Symphony Orchestra: André Previn conducts a programme of works by Copland, Previn and Schumann; May 31

Royal Festival Hall Tel: 44-171-960 4242 Vienna Philharmonic Orchestra: conducted by Riccardo Muti In works by Brahms and Stravinsky;

#### MUNICH CONCERTS

Philharmonie Gasteig Tet: 49-89-5481 8181 conducted by Reinhard Steinberg in works by Brahms and Berlioz. With pieno soloist Paul Rivinius, London Classical Players:

conducted by Roger Norrington in works by Haydn and Mozart. With violin soloist Thomas Zehetmah and viola soloist Ruth Killius; May

**NEW YORK** 

CONCERTS

#### Lingolu Cambar Tel: 1-212-721 6500 www.lincoincenter.org New York Philharmonic: world

premiere of Del Tredici's The Spider and the Fly, for Vocalist and Orchestra, conducted by Kurt Masur. The programme is completed by works by Copland, Vivaldi, Weber and Ravel; May 28, 30

#### **EXHIBITIONS** Metropolitan Museum of Art Tel: 1-212-879 5500 www.metmuseum.org Paul Strand, Circa, 1916: 50 rare prints, focusing on the photographer's early works;

Museum of Modern Art Tel: 1-212-708 9480 gro.amom.www Fernand Lager (1881-1955): netrospective comprising some 220 paintings and drawings by the early modernist; to May 27

#### PARIS CONCERTS

Théâtre des Champs Elyaées Tal: 33-1-49525050 Natalie Dessay: recital by the soprano, with the Orchestre de Paris conducted by Jun Markl. Programme includes works by Ravel, Granados, Delibes, Rachmarinov and Gliére; May 27 Orchestre National de France: conducted by Yuri Ternirkanov in works by Rimski-Korsakov, Rachmaninov and Elgar. With piano soloist Yelim Bronfman; May 25

 Vienna Philharmonic Orchestra: conducted by Seiji Ozawa in works by Brahms and Stravinsky; May 26

#### PRAGUE CONCERTS Dyorak Hall

Midori: recital by the violinist of works by Beethoven, Brahms, Szymanowski and Saint-Saens. With planist Robert McDonald: May 28

Smetana Hall Kathleen Battle: recital by the sograno of works by Handel, Wolf, Faure, Rossini and Turina. Accompanied by plantst Roge Vignoles, May 28

ROTTERDAM EXCHIBITIONS Tel: 31-10-440 0300

 Look at me: Fashion and Photography in Britain 1960 to the present. First stop for a touring development of fashion photography with its emphasis firmly on popular culture rather than haute couture; to Aug 9 Roger Balleri: This Africa. Works. representing South Africa's white rural poor, by the American photographer (b.1950); to Jun 21

#### SALZBURG CONCERTS Salzburg Cathedral

Amsterdam Baroque Orchestra: and Choir, conducted by Ton opens a four-day festival of Baroque music; May 29

#### SAN FRANCISCO CONCERTS

Davies Symphony Hall Tel: 1-415-864 6000 www.sfsymphony.org San Francisco Symphony Orchestra: conducted by Michael Tilson Thomas in Mahler's Symphony No. 2, Resurrection. With soprano Rebecca Evans. mezzo-soorano Florence Oulvar. and the San Francisco Symphony Chorus; May 27, 28, 29, 30

#### TOKYO CONCERTS Suntory Hall

Tel: 81-3-3584 9999 City of Birmingham Symphony Orchastra: conducted by Sir Simon Rattle in works by Brahms and Beethoven. With violin soloist ide

Hendel; May 26
Pittsburgh Symphony Orchestra: conducted by Mariss and Shostakovich; May 27 Tokyo City Philharmonic: conducted by Taijiro limori in works by Schumann and Bruckner;

#### WASHINGTON CONCERTS

Kennedy Center Concert Hall Tel: 1-202-467 4600 National Symphony Orchestra: conducted by Leonard Slatkin in works by Varese, Saint-Saëns and Holst. With callo soloist Han-Na Chang; May 28, 29, 30

#### TV AND RADIO

 WORLD SERVICE BBC World Service radio for Europe can be received in western Europe on medium wave 648 kHZ

EUROPEAN CABLE AND SATELLITE BUSINESS TV CNN international Monday to Friday, GMT: 06.30: Moneyline with Lou Dabbs 13.30: Business Asia 19.30: World Business Today 22.00: World Business Today

 Business/Market Reports 05:07; 06:07; 07:07; 08:20; 09:20; 10:20; 11:20; 11:32; 12:20; 13:20;

At 08:20 Tanya Beckett of FTTV reports live from LIFFE as the London market opens.

domestic banks and the

confidence with which

non-bank private sector. But

despotism, or the corruption,

or even both together, must

not be exaggerated. After all,

Thailand was a democracy.

governed by its first elected

watchdog - rated Indonesia

the 46th most corrupt of 51

countries, in 1997. But the

democracy and crisis free.

Where the nature of the

egime was important was in

45th was India - both a

its failure to restore lost

confidence. The touchszone

for credible policy became

the demands of the DMF -

and the ageing Mr Suharto

to meet those demands.

was demonstrably unwilling

Yet it would be wrong to

Radelet and Jeffrey Sachs of the Harvard Institute for

International Development

contagious panic has been a

particularly in Indonesia.\* A

central part of the story,

central question has been

The IMF has recognised

it emphasises the need for

changes in policy, to restore

confidence. Its programmes

have called for some fiscal

the importance of panic. But

have argued, a

how to halt it.

self-reinforcing and

blame the disaster on the

regime alone. As Steven

while South Korea was

civilian president.

Transparency

International – the

foreigners lent to the

the importance of the

14

MARTIN WOLF

### Indonesia's legacy

To most people Suharto was a corrupt dictator whose fall will enable his country to recover. Alas, things are more complicated

What are the lessons of Mr Subarto's downfall? One is that financial plagues of astonishing virulence can afflict countries with few obvious signs of vulnerability. A second is that despotisms find disowning their past more difficult than democracies. A third is that opportunity can spring even from disaster, But a happy ending is far from ensured. Indonesia will need much luck, good policy and outside help.

expected to suffer most from the financial disease that has swent much of Asia. At the end of April, the Washington-based Institute for International Finance forecast that the economy may contract 12.5 per cent this year, while inflation could reach 48 per cent. By comparison, the IIF forecast the shrinkage of the Thai and South Korean economie at only 7 per cent and 5 per cent, respectively. At its trough, in January, the rupiah had lost five-sixths of its value.

In a low-inflation economy with an excellent long-term record, this must be unprecedented. Imagine hat would happen to the UK if sterling fell, within a

few months, to 40 US cents. Nobody expected this disaster. As recently as last October (ie, after the first round of Asian trouble) the International Monetary Fund forecast Indonesia's economic growth at 3 per

cent this year. It had good reason for such confidence. Notwithstanding the massive accumulation of wealth in the hands of his family and friends, Mr Suharto had to his credit 32 years of successful government of a far-flung country with as many people as Germany, France and

the UK put together. His governments had confronted many difficulties. Yet, according to the World Bank, the proportion of Indonesians living on an income of a dollar a day (in 1985 dollars, at purchasing power parity) shrank from 64 per cent in 1975 to only 11

per cent in 1995. Even China did not do as well. Between 1970 and 1995, life expectancy jumped from 48 to 64; the adult literacy rate rose from 54 per cent to 84 per cent; real incomes per head of the poorest 30 per cent rose by 130 per cent: and the infant mortality rate

halved. Even last summer. Indonesia had few symptoms of the disease it was to catch. It had not suffered from a marked decline in the return on investment, unlike Korea and Thailand, It had domestic product was 32 per

not had an investment boom: the share of investment in gross cent in 1996 against 36 per cent in 1990. Its budget had been in small surplus throughout almost all of the 1990s and inflation had been

Indonesia's fall from grace

Exchange rates against the dollar trabesed

below 10 per cent. Its current account deficit had not been above 4.4 per cent of GDP in this decade and, according to J.P. Morgan, its real exchange rate was only 5 per cent higher in 1996 than in 1990. Unlike Thailand,

experienced explosive growth in domestic bank credit to the private sector. There had also been no rapid increase in liabilities to foreign banks: the ratio to GDP was 25 per cent in 1996, against 24 per cent in 1993. And, in mid-1997, two-thirds of loans from foreign banks

were to the non-bank private Yet Indonesia did make two lethal errors. First, it allowed the non-bank private sector to accumulate unhedged short-term foreign liabilities that exceeded official foreing-exchange reserves by 70 per cent in mid-1997. Second, it allowed the banking sector to operate with a high level of non-performing loans. Cronyism helps to explain

the poor condition of

and monetary tightening; radical structural reform. including de-monopolisation: closure of bankrupt financial institutions; and swift recapitalisation of the remaining banks. Moreover, wishing to avoid nationalisation of private-sector debt, the IMF was determined not to become too beavily involved in negotiations to reschedule and write off such liabilities. The critics assert that

breaking up monopolies, albeit destrable, had virtually no relevance to the immediate crisis; bank closures exacerbated the panic; fiscal tightening was unnecessary in a country with Indonesia's long record of prudence; and the delay in dealing with the overhang of private-sector debt made restoration of confidence in effect impossible. For the critics, the IMF's medicine

will make the patient far weaker than need be. The point, however, is not whether the critics are right

in some respects they are. It is rather that Mr Subarto was a pariah in a world led by a US that had become embarrassed by an ageing dictator who had once been a valued ally. The superpower was determined. in the post-cold war era, to

promote democracy. Berlin-based, anti-corruption Against this background, Mr Suharto could not afford to be at loggerheads with the IMP as well. It is no surprise that by the end of March, Korea had received \$21.7bn in official assistance. Thailand \$10.2bn and Indonesia a mere \$3bn. It is little more of a surprise then that private sector

> remained absent. Mr Subarto leaves behind country set for a messy transition to an uncertain democracy in the midst of a

If the economy is to recover, the overhang of short-term debt to the private sector must be eliminated by a mixture of rescheduling, debt-equity swaps and write-offs; a way must be found to expand the supply of domestic and foreign credit to potentially profitable enterprises, particularly exporters; and confidence in political stability must be restored generating a return of flight capital and new inward investment

To obtain the international support it needs, the new government must impose austerity, introduce economic restructuring and deal with the controversies over the purloined assets of the Subarto family. President Habibie is most unlikely to pull off anything close to this. His is a transitional government in a country that cannot afford a prolonged transition. If vorse is not to come, Indonesia needs a miracle.

Stepen Radelet and Jeffrey Sachs, The Onset of the East Asian Financial Orisis, 1998. and the East Asian Financial Crisis: Diagnosis, Remedies, Prospects, 1998. http:// www.htid.harvard.edu/pub/ other lasiacrisis hbal.

Martin Wolf@PT.com

### LETTERS TO THE EDITOR

#### US now sees Africa as important player in the global marketplace

Witney late sub-Saharan Africa.

Sir, Philip Stephens' Afropessimism, developed in his urticle "Forgotten continent" (May 15), is unfortunate for its one-sided view of political and economic trends on the African continent. When Mr Stephens asks, "who cares if Africa falls off the edge of the global marketplace?", the answer is swift and resounding: many governments do, especially the Clinton administration, as do many people in North America, Europe and Asia. Those people who care the most are the 700m who popuper cent on a continent-wide established some form of

ners, especially the US, that is occurring today. The African "renaissance". State, while fragile, is a reality. It Washington D.C. 20520, US

sharp increase in trade and

and its international part-

is powered by an unrelent-If Africans and the intering belief by many African national community did not leaders and their internacare, economic growth tional partners that quality would not be approaching 5 of life will be far better in the first quarter of the 2ist basis. Nor would the number century than in the last part of countries which have of the 20th century. As President Clinton said during his democratic government have recent visit to the continent, increased from five in 1990 to Africa's entry into the global more than 25 in 1998. More-marketplace is a matter of over, there would not be the enlightened self-interest.

investment between Africa Witney W. Schneidman. deputy assistant secretary of state for African affairs, United States Department of

Under normal circumstances inflation should in theory

higher inflation would decline as competitiveness is

#### Monetary stimulus to Irish economy

From Mr Dan McLaughlin. Sir, Your leader on the Irish economy ("Irish boom?", May 20) understates the monetary stimulus given to the economy by Emu membership. Nominal interest rates will fall substantially but there will be a larger decline in real interest

Irish inflation is currently 2.5 per cent and may be 3.5 per cent by year end, as a result of the punt's depreciation over the past 18 months.

prompt a unilateral rise in eroded but this could take nominal rates but this cannot happen if the punt is lower real interest rates in fixed within the euro. So by Ireland can only exacerbate end-1998 real 10-year yields the property boom in Dublin in Ireland may be less than 2 and widen the gap between per cent and real three- Irish economic growth and month rates may be below 1 that in core Europe. per cent, which is likely to give a further stimulus to Dan McLaughlin, borrowing and increase ABN AMRO Stockbrokers, demand for real assets, such ABN AMRO House, as equities and property.

some time. In the short term,

IFSC Dublin 1. In the longer term, Irish Republic of Ireland

#### 'Non-nerd' position in Microsoft debate

From Mr Douglas Finney. Sir, Perhaps it is time for . the voice of "non-nerds" to able innovation, arguably be heard in the Microsoft argument. I am a "fiftysomething" who has had to familiarise himself with word processing, spread sheets and so on. I have no understanding or feeling for the technology; I require something that is compre-

hensible and works. Bruce Page (Letters, May 21) blinds us with science in demonstration that Microsoft does not innovate. We strategy. The "non-nerd"

"non-nerds" would suggest that Windows is a considerone of the most important enabling factors for the creation of small business. When I buy a car I do not want to have to undertake in-depth research regarding air-conditioners. 1 am happy

Meanwhile, in his article "A window of opportunity?" (May 21), Peter Martin underlines the inevitability of Microsoft's commercial

view is that spending hours of time learning new, incompatible methods, as proposed by the company every two years, represents a terrible

ments of the "hate Microsoft" campaign nor those of its defenders addresses my concerns. I believe that I am in a huge majority, from sec-

34 Bolingbroke Grove.

We are lean to ancourage letters from readers worldwide. Letters may be leved to +44 171-873 6938 (set fix, to fine), currell: letters.editor@ft.com Published letters are also evallable on the FT web site, http://www.FT.com Translation may be available for letters written in the main international languages. Fax +44 171-873 5938, Letters should be typed and not hand written.

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with what is installed.

PERSONAL VIEW N. GREGORY MANKIW

### The Microsoft quick quiz

In a course on public policy, I wouldn't give the Justice Department a pass if the case were an exam question - the company would get the better grade

f the Microsoft case were an exam question, it would go roughly as follows: "Once a company has earned a dominant share in its market, its decisions over product design and marketing should be regulated by the government. True or false? Explain and justify your answer.

The US Justice Department is, in effect, answering 'true", while Microsoft is, not surprisingly, answering "false". If I were reading the exams, Microsoft would get the better grade.

Let us start with the points of agreement. No one disputes that Microsoft now sells the lion's share of operating systems on pers computers. Consumers do have alternatives to Microsoft's Windows, such as OS/ 2. Unix, and the Apple Mac, but these make up less than 20 per cent of the market. In addition, no one dis-

putes that Microsoft achieved its large market share legally. Put simply, Microsoft became the market leader by giving consumers a good product at a good price. Computer aficionados might argue that other companies have offered more cutting-edge technology but for the great unwashed masses of computer users (including myself), Microsoft has been part of the trend toward easier and cheaper computing. Even most of the history of Microsoft shows

Now comes the hard part: Given Microsoft's current position, can we trust mar- tion, however, is not textbook model of perfect ket forces to limit Microsoft's hegemony? The government says no. Of the the operating system but perfectly competitive marmany issues in dispute, the who in society should make kets, prices are driven down most important involve that determination. Nor- to marginal cost - the cost product design. The government argues that if Micro- omy, decisions over product the product. Yet in software. soft is allowed to integrate design are made by entrepre- marginal cost is essentially internet technology into Windows, it will use such ing to attract customers. By tion, software firms could bundling to extend and pro- contrast, the Justice Depart- never recover the large fixed tect its market power. Microsoft, on the other hand, role to judges. It wants the ment. Every successful softviews integration not as courts to balance the beneanti-competitive but as an fits of an integrated product attempt to give consumers a against the claim that inte- ket power. better product.

No one can deny that putting new features into old



Microsoft chairman Bill Gates (left) and Joel Klein, head of antitrust

not a good way to run an

take a step in precisely that

direction. If its position is

accepted, then whenever

Microsoft wants to add any

new feature to its operating

system, some software

maker can claim harm to

competition and some judge

will have to rule on the

validity of the claim. The

courts would become regula-

tors of product design in one

of the world's most rapidly

changing industries. This is

surely not a job they are

An issue that separates

Microsoft and its critics is

the question of how much

market power the company

has. Clearly, the software

industry does not fit the

of making one more unit of

costs of product develop-

to have some degree of mar-

company's market power,

equipped to do.

today include stereos and air-conditioners, which were economy. Yet the Justice once sold separately. Calcu- Department is asking us to lators come with amortisa-

The history of operating systems also shows how increased integration serves Microsoft has added many features to Windows that products. This has made computers easier to use because consumers can be confident that the pieces work together. Just as important, it has allowed software developers to rely on a more powerful operating system when writing applications. The integration of internet technology is the

natural next step. The important policy queswhether internet technology competition. As any economshould be integrated with ics student can explain in mally, in a free-market econneurs, who in turn are try- zero. Under perfect competiment wants to give a central

gration would enhance Microsoft's market power. If the 20th century has to its dominant position: Users buy Windows because there are many application programs and programmers write applications for Windows because there are many users. No one could possibly compete with that, the critics claim.

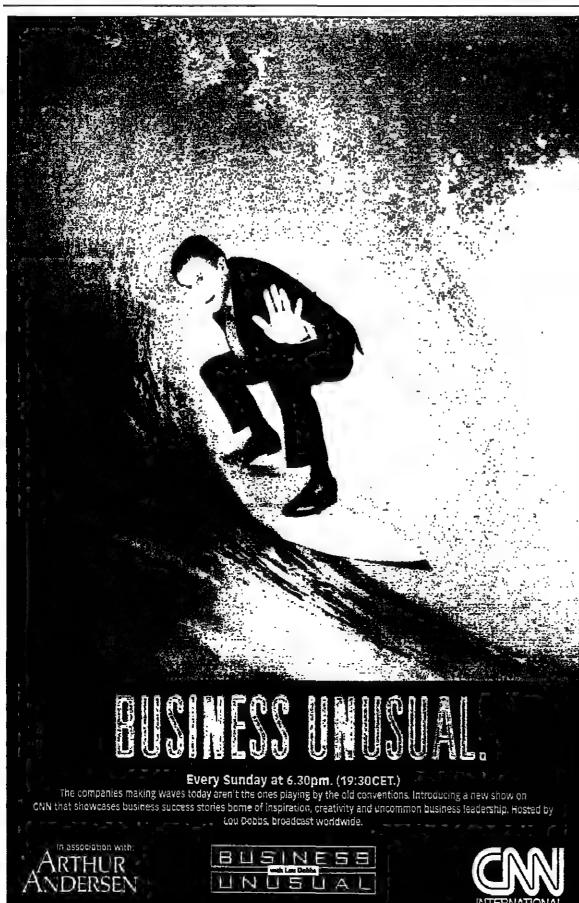
But if Microsoft is really so invincible, why does it charge so little for its products? When you buy a new computer for, say, \$2,000. only about \$50 goes to pay for the Windows operating system. Consider what would happen if Microsoft doubled the price to \$100 and the computer price rose to \$2,050. Would sales of computers fall precipitously? Of course not. Why then doesn't Microsoft raise the price of Windows, which it has the legal right to do?

The answer is that more consumers would switch to the alternatives such as OS/3 and Unix (as well as pirated copies of Windows), other software makers would start marketing their operating systems more aggressively and new products would enter the market to compete with Windows. in short, what keeps the price of Windows to less than 3 per cent of the price of a new computer is actual and potential

competition. That same competition keeps Microsoft on its toes to keep improving its product design. The internet is at the heart of the current wave of innovation, so makers of operating systems - Microsoft as well as others - are naturally improving their products by adding internet technology. For the government to tell the company with the most popular operating system that it cannot make the same improvements as its competitors

defies economic logic. How then would I score the case brought by the Justice Department? In a course on economic theory, I would give it a B for creativity. In a course on practical public ware maker, therefore, has policy, however, I wouldn't

-Microsoft's critics, how- N. Gregory Mankino is an ever, often exaggerate the economics professor at Harvard University, author o products is a natural part of taught one economic lesson. They argue that network Principles of Economics, and technological progress. Cars it is that central planning is effects preclude any threat a consultant to Microsoft.



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#### COMMENT & ANALYSIS FINANCIAL TIMES

Number One Southwark Bridge, London SE1 9HL Tel: +44 171-873 3000 Telex: 922186 Fax: +44 171-407 5700 Tuesday May 26 1998

### Mr Clinton's trade agenda

After several years of ety" precisely has aroused suspidisconcerting drift, the US seems close that the term is a codeworm to be getting ready to re-join the mainstream of world trade policy. One sign was Bill Clinton's invitation to World Trade Organisation ministers in Geneva last week to meet in the US next year. Another was the appointment of Charlene Barshefsky, his top trade official, to chair the WTO's preparations for its next big liberalisation drive.

These events send welcome sign nals that America is determined to resist pressures to turn inwards, and to renew its leadership of the multilateral trade system. The test of Mr Clinton's intentions will lie in winning the fast track authority to conclude trade agreements he failed to

secure from Congress last year.
The electoral timetable makes the first half of next year probably this president's last opportunity to obtain fast track. He should start preparing now, and campaign much harder than last

time for public support. But fast track is only worth having on the right terms - as a clear mandate for further trade liberalisation. That aim faces resistance from anti-globalisation forces across the US political spectrum. Mr Clinton's advisers have responded with a campaign to make global trade policy more open and accountable to "civil

They are right to urge the WTO and its members to explain better what they are up to. However, opening the doors wider should not mean admitting participants bent on thwarting the policy's central purpose.

Mr Clinton needs to show more

cions that the term is a codeword for single-issue pressure groups such as environmental and labour activists influential in Democratic party politics.

How far they speak for society at large is debatable. They have difficulty agreeing common positions, and their demands for a bigger say in trade policy are contested by the Republican majority in Congress.

Many of these lobbyists appear bent on restricting trade. Regard less of WTO rules, they insist the US should exclude imports which do not meet its environmental rules, or their prescriptions for other countries' labour standards. Yielding to such demands would invite protectionism by default, if not by design. Incorporating them in fast track would antagonise trade partners and

frustrate WTO negotiations.

Special interest lobbies have always played a big role in Washington. They cannot be ignored But slavish acquiesence to their demands produces incoherent policy - as Mr Clinton's administration should know. To appeare farmers, it has fought in the WTO against other countries food safety regulations which impede trade. Yet to pacify greens, the US stoutly defends import restrictions caused by its own environmental rules. The obvious contradiction undermines both arguments.

A vital task for any US presidency is to shape policies which rise above narrow competing claims and meet the broad national interest. In Geneva last ek, Mr Clinton sought to reassert US international leadership clearly that that is not his inten- in trade. To succeed, he must tion. Failure to define "civil soci- now lead boldly at home.

### Tung's dilemma

Anyone who thought that the ble move to fully democratic elecabout elections or democracy should think again after the cil must agree. The democrats weekend elections. The turnout of 53 per cent, while not startling Tung nor Beijing is likely to tinrecord for the former British colony. In spite of decades of colo- country, two systems formula for nial rule when democracy was mainland China and Hong Kong. non-existent, a complex voting But there is room for some flexinon-existent, a complex voting system and the baleful eye of Bel-

decides one third of the seats in the territory's legislative council tory for candidates campaigning to accelerate democratic reforms. They won 14 of the 20 seats available, with 60 per cent of the vote. But thanks to the transitional system under which the territory was returned last year to Chinese rule, they will only be a minority in the 60-seat council and without any direct influence on the government of C.H.Tung, the

chief executive. Mr Tung deserves credit for the part he played in encouraging a good turnout. His administration spent HK\$500m in registering, educating and getting people to the polls. Now he needs to pay close attention to the result. So

The Basic Law, the territory's well to contemplate a shake-up constitution, provides for a possi-

people of Hong Kong did not care tions to LegCo in 2007, although even then two thirds of the counwant to move faster. Neither Mr underphis the entire delicate one

bility.

Mr Tung should show he has jing, the voters had their say. Mr Tung should show he has
The result – which only heard the voters' message by working towards a democratic legislature as fast as possible. The election committee, a thoroughly unrepresentative body which chooses 20 legislators, should be reformed. The so-called functional constituencies, which select another 20, should have their franchise broadened.

Most important, the chief executive and his team must start thinking now how they will adapt political institutions for the advent of full democracy. That means appointing members of the government from the legislature and contemplating the concept of a ruling party and an opposition. The present executive council looks unrepresentative in the light of the vote, with too many pro-business and pro-Bei-jing members. Mr Tung would do

## The perils of artistic growth

Speaking volumes about a global market

The cost-cutting rationale prompting takeovers by music and publishing groups could be undermined by the internet and huge fees paid to rock stars and authors, says Alice Rawsthorn

ike many record buffs, Edgar Bronfman Jr. once dreamt of making it big in the music busiwhen his family firm, Seagram, spent \$10.6bn (£6.3bn) buying PolyGram to become the world's biggest record company.

A few weeks earlier, Bertels mann of Germany turned itself into the biggest English-language consumer book publisher by paying \$1.5bn for Random House. media group which owns the Financial Times, became the world's largest educational publisher by acquiring Simon & Schuster for \$4.6bn, adding this admittedly separate business to its publishing empire.

Consolidation is rampant in ectors and businesses from banking to telecommunications. In most of them, the acquirers claim that, by operating on a larger scale, they can cut costs and enhance profitability.

Seagram, Pearson and Bertelsmann say much the same, but they are applying conventional business logic to industries where success is unusually unpredictable because it is partly determined by talented, but often temperamental musicians and authors, who may defect to competitors or fall from favour. Paradoxically, they are becoming more important companies as consolidation proceeds.

The music and books markets underwent an earlier wave of mergers a decade ago. Three conglomerates have since dominated English-language book publishing: Pearson, Bertelsmann and Rupert Murdoch's HarperCollins. And the "big six" music groups formed at the same time – Poly-Gram, Sony, Warner, Bertelsmann, EMI and Seagram's Unicent of a \$38bn global market.

While not a failure, this round of consolidation had mixed results. HarperCollins has been one of Mr Murdoch's less sparkling subsidiaries, and RMI is a long-running takeover target. So why is it happening again? The reason, say the architects of the latest mergers, is that competitive pressures have grown so intense that they have had to become even bigger. There are two main problems.

The first is is the sluggish state of the markets. Global record sales have fallen for two years running and were slow before that. Consumer expenditure on UK since 1994, and has stalled in the US. (see graph).

seeking to cut costs by merger. in the sluggish music market. Seagram, for instance, expects enmual savings of up to \$300m by merging its record labels. "We're looking at feeble growth for books and music, and the only way to improve earnings in this environment is to cut costs," says David Chermont, media analyst at Merrill Lynch. "That's what these mergers are about."

The second problem is the rising power of distributors. The past few years have been a period of aggressive international expansion for music chains, such as HMV and Tower Records, and for booksellers like Borders and Barnes & Noble. As they have grown, retailers have been able to drive down the prices charged by book publishers and record companies. They have also forced them to make larger contributions towards promotional costs.

Now, book and record producers are consolidating in the hope of redressing the balance of power. In the US. Borders and Barnes expect publishers to pay for everything from authors' readings, to local newspaper advertising and prominent display positions. Returns of books, which publishers supply to retailers on "sale-or-return" basis, reached

cent for paperbacks. Ryen in the UK, record labels have to pay up to £750 a week to add an album to the listening posts at Tower's Piccadilly Circus store; and it costs publishers around £2,500 for one of their titles to become "Waterstone's Book of the Month".

record levels last year of 35 per

cent for hardbacks and 50 per

Bertelsmann is gambling that it can swing the balance of power back in its favour by adding Random House to its Bantam Double day Dell publishing subsidiary. significantly enlarging Universal Music, by far the smallest of the In response, companies are big six, it can remain competitive

> However, some of the problems faced by the big companies created by the first wave of mergers, seem unlikely to diminish for the second wave, and could even become worse.

The most striking is the escalation of the advances and royalties paid to star authors and musicians. As in the film business, they and their agents have exploited corporaterivalries by auctioning themselves off to the highest bidders.

In 1988, Barbara Taylor Bradford led the way in publishing by clinching a then unprecedented \$9m three-novel agreement with Random House, only to leave for HarperCollins four and several authors quit. years later with a \$17m threebook deal. Last year, one Pearson

Tom Clancy, and another signed a £250,000 agreement for two novels by an unpublished 22-year-old.

"It's easy to get a feeding frenzy going for attractive books," says Derek John, director of A.P. Watt, the London literary agency. "And it becomes selfperpetuating, because if one author gets a good advance, others want more.

The big six music groups have slipped into the same inflationary cycle. Warner signed an \$80m deal to hold on to the rock group. R.E.M; and EMI agreed to an \$85m five-album contract to retain the singer, Janet Jackson. Not all these deals will be prof-

itable, but the commercial fortunes of the companies involved are increasingly determined by

Big groups have proved clumsy at handling their top authors and artists

the popularity of a handful of star names, whom many big groups have proved clumsy at handling. For their part, authors and artists, claim to feel neglected by large organisations. In 1992, Warner signed a \$100m. contract with Prince, only for him to announce his "retirement" the next year. The singer then changed his name to an unpronounceable symbol, and etched "Slave" on his forebead in protest against Warner. When HarperCollins dropped the memoiresof the last Hong Kong gover-

"The challenge for big players in books or music is to fine-tune subsidiary clinched a two-book their relationships with creative deal reportedly worth \$50m with people, while resping benefits of in retailing has helped them.

being big," says Mr Chermont. "And we've seen lots of examples of it going wrong."

Even if companies get it right. there is a growing risk of their highly-paid stars going out of fashion. The latest albums by R.E.M., Janet Jackson and other previously bankable rock stars have performed poorly.

Many of the most successful new acts, including Oasis, the Prodigy and Björk, are signed to independent labels, not the bly six. "We could say 'Sign with us and we'll give you a million pounds', but bands always seem to stick with the first independent who'd told them they were any good," says Paul Russell, president of Sony Music Europe. which has addressed the problem by investing in independents.

The same pattern is replicated in publishing. Blockbusters are no longer sure-fire money spinners, and some recent success from independent publishers. was Charles Frazier's Cold Mountoin, a first novel thought likely to appeal to civil war buffs.

Atlantic Press, a literary imprint and has sold 1.8m hardbacks. Similarly, Dava Sobel's Longitude, a history of the chronometer's invention in 18th-century England, was rejected by 18 publishers before Fourth Estate, an independent UK house, bought it last year and sold 500,000 copies. "It's a quirky book," says Victoria Barnsley, managing director. "That's what people want to read

these days." Although the growth of conglomerates has been the most nor, Kong, Chris Patten, this attention-grabbing characteristic spring, its UK publishing director of both music and book businesses in recent years, small, independent record labels and publishers have proliferated. Ms Barnsley says the consolidation

"Once we'd have needed 22 reps on the road, which a company this size couldn't possibly afford," she says. "Now, you can have a few really good people

making key calls. Technological change could help them more. Thousands of digital jukeboxes and publishers already post songs and fiction on internet sites. Consumers can download music by unrecorded bands from Internet Underground Music Archive (IUMA), a Californian digital jukebox. Patricia Le Roy's, The Angels of Russia, a novel published on the internet, has been accepted as a prospective nominee for this year's Booker Prize, the UK fic-

tion award. It will become even easier and cheaper for independents to operate in future as access to digital distribution systems, notably the

internet, increas "Will bands like Oasis sign to a recora con time?" says Alan McGee, chair-One of last year's US bestsellers man of Creation Records, Oasis's label. "Of course not. They'll be signed to themselves, and downloading music over the net. which was published by Grove Because that's what excites 18 year-olds these days."

Seagram, Pearson and Bertelsmann could argue that the potential cost-savings from their recent accuisitions outweigh the risk of losing talent and consumers to the internet, or other alternative son can claim that size is an even greater advantage in the speciallat area of educational publishing, because consumer taste is less mercurial and authors accept modest advances in return for

long term royalties. Even so, the digital threat, and idiosyncratic consumer taste, will hardly help Mr Bronfman and his peers to ensure that the second wave of music and books mergers avoids repeating the mistakes of

#### **OBSERVER**

### Hungary's poll

After four years of competent rule under the Socialists, Hun- cies seem even more dubious. garian voters have taken a step They have proposed to scrap uniinto the unknown by putting into power a political party whose expensive campaign promises to betray its lack of experience in government. The centre-right Fidesz-Hungarian Civic party seems likely to govern with the rural-based Independent Smallholders and the conservative Hungarian Democratic Forum.

Such an outcome would almost certainly promise greater stability than the grand coalition of Fidesz and the Socialists which was the preference of Hungary's financial markets. But it was still hardly surprising that investors dumped Hungarian shares yesterday, causing Budapest's BUX index of 20 major shares to lose 8.7 per cent of its value. The economic programmes of Fidesz and the Smallholders need prompt

clarification. in search of faster growth and lower unemployment, Fidesz has promised to cut taxes, increase consumption and even abolish the crawling peg devaluation of the forint, which had been the centrepiece of the outgoing government's anti-inflation policy. Such measures could well increase the budget deficit, widen the current account deficit and undo much achieved by the

Some of the Smallholders' poliversity tuition fees, build lowcost housing projects and spend money on regional development, but have had little to say about how they would fund such initiatives. When he forms his government, the leader of Fidesz and prospective prime minister, Viktor Orban, would be wise to keep important economic ministries out of the Smallholders' hands. He should also take care to maintain good relations with Hungary's central bank, which has

played a vital role in the macro-

economic transformation of the

past three years. Mr Orban is no longer the radical he was in the late 1980s, when he set up Fidesz as an anti-communist youth movement. He understands the need to pursue pro-business policies, and he knows that international capital markets punish fiscal indiscipline. He also recognises that the European Union, which Hungary hopes to join within five years at most, will take a dim view if the economy spins out of control under his stewardship. All the more reason, then, for the incoming government to establish its credibility as soon as possible by making clear its commitment to

#### Gerhard's aenerais

Four months to go before Germany's general election and there's plenty of fight left in self-styled "old war-horse". Chancellor Helmut Kohl. But that hasn't stopped leading Social Democrats speculating about the government jobs they might get if their man, Gerhard Schröder, wins on September 27.

Lafontaine could be finance minister, says the rumour-mill, or leader of the party in the Bundestag. But then again, the latter job could stay with Rudolf Scharping, the present floor leader, whose name has been linked to at least four other jobs including the foreign, defence and interior

A man to watch is Franz Muntefering, the SPD's wity campaign manager, who is thought to have eyes on the "Mr Fixit" post of minister in the chancellery. Meanwhile, Herta Däubler-Gmelin is tipped for the justice ministry. continuing the tradition that holders of the post should have almost unpronounceable double-berreled names.

Schröder must take some responsibility for the febrile speculation. He set the ball rolling a few weeks back when he Riester as his future labour minister continuing the good work begun and promised to name other key teem members next month. The

excitement may even suit him if it deflects attention from his little local difficulty in Saxony Anhalt, where the SPD today starts crypto-communists.

Whatever happens, some SPD hopefuls are bound to be disappointed come the autumn. Schröder has confirmed is that he intends to govern with fewer ministers than Kohl.

#### Speak easy

Speculation of a different sort surrounds Kohl's decision terday to sack the genial Peter Hausmann, the official Bonn government spokesman, without giving a reason. Hausmann may have been an

Ineffective propagandist but whose fault is that? Never part of the chancellor's inner circle, he was ill equipped to brighten the image of a tired regime.

#### Twin track

Charlene Barshefsky will need all her lawyerly guile to combine her day job as Bill Clinton's trade representative with her new role chairing preparations for the World Trade Organisation's next big

Much of Barshefsky's experience has been in handling bilateral trade disputes, where US economic power enabled her to lay down the law. But all 132 WTO members have equal votes, and chairmen

are expected to be impartial. It will be interesting to see how she copes if, say, political pressures back home require her simultaneously to turn up the heat on Japan over its rising trade

Things will get even trickler if Barshefsky has to lobby Congress to renew fast track authority, without which the US cannot clinch trade deals. Clinton's strategy is expected to rely on wooing US environmentalists with promises of

a bigger say in WTO decisions. Many American "blues and secretive capitalist conspiracy to promote the interests of ruthless multinationals. Developing countries think such lobbyists just want to erect barriers against their

If Bershefsky can keep all these balls in the air - and still get the business done - she should be a shoo-in to head the WTO when Renato Ruggiero steps down at the end of next year.

#### Change of tack

Those campaigning for a Yes vote on the Treaty of Amsterdam need all the help they can get. So the pro-European Union camp were delighted with the grudging-es-it-gets backing of Maersk Mc-Kinney Moller, the 84-year-old shipping magnate who has long been Denmark's most

Although Moller vacated the captain's cabin five years ago at his A.P. Moller-Maersk shipping empire, he is in the office every crucial companies in the group. The grand old man hasn't

actually said that Danes should vote Yes on Thursday. But he did remark that it would "not be wise" to vote No before going on to complain that the market in the EU is only as free as it suits France, Germany, Italy and Spain\*. Still, every little helps.

#### Wheat and chaff

Italy has spent years trying to cement its place at the heart of Europe. But now it has found that membership has its disadvantages: Brussels has decreed that, for the first time, Italy must allow the import of soft wheat pasta.

For as long as anyone can remember, Italians have eaten the hard durum wheat version that is essential if pasta is to be cooked "al dente". Now the softer stuff easy to over-cook, according to opponents, and awful to taste will be in the shops from Parma to

won't know what they are buying," says Emanuele Piccari, head of Italy's Consumer Union. What if the dough doesn't contain egg? What if it's full of additives? Sounds like the first step down a slippery culinary slope that could end with processed buffalo

"The danger is that consumers

### Financial Times

#### 50 years ago

Changes At The Lagonda

Car Company
When David Brown Tractors. represented by Mr. David Brown, purchased the goodwill and designs of the old Lagonda agreed that the company should change its name. The change of name has now been registered as the Moorgate Industrial Development Company, aircraft and motor manufacturers etc. At the same time, Mr. David Brown's interests registered a new private company, Lagonda Ltd., with a capital of £1,000 in £1 shares to carry on business motor-cars, cycles, wagons, coaches and tractors. The new company has taken over the Lagonda saloon as designed by Mr. W.O. Bentley. Progress is being made in manufacture at the works of Aston Martin, a company which Mr. David Brown acquired last year. Ford in The Netherlands Amsterdam, May 25. The Netherlands Ford Automobile factories of Amsterdam will shortly proceed to the assembling of British Ford cars. So far, these cars were imported here. The factories will be materially enlarged for the DUPOORE



### FINANCIAL TIMES

brother PRINTERS FAX MACHINES

TUESDAY MAY 26 1998

#### THE LEX COLUMN

### Philips post-PolyGram

The sale of PolyGram takes Philips to a new plane in its transformation - one where the decisions get more difficult. When chairman Cor Boonstra started his spring cleaning, his motto was to "stop the bleeders". The decisions on how to cut both the over-stretched business portfolio and the empire's costs were tough, but straightforward, and they prompted a bounce-back in profits last year.

PolyGram did not fall into the bleeder category. But any refocusing exercise was bound to question its place in a group that is retrenching mainly around consumer electronics, semiconductors and components, and lighting. The same could be said of Origin, the IT consultancy.

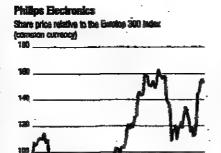
But the Fl 12bn-13bn of cash that will roll into Philips' coffers from PolyGram will also raise questions of its own. It will more than cancel out net debt of Fl 5bn. Add in this year's cash generation and Philips could buy back 15 per cent of its shares - changes in Dutch law permitting

This means it could spend several billion more, but on what? An Asian electronics company? Mobile telecoms via its loss-making joint venture with Lucent Technologies of the US? With much work still to do to improve returns in consumer electronics, Mr Boonstra still has some earnings recovery to go for. But the pot of gold also dangles the prospect of going for

#### Whisper numbers

Falling short of analysts' profit estimates is one easy way to hurt your stock. But regularly exceeding them can be damaging too. Take Dell Computer, which late last week announced quarterly earnings per share of 44 cents, 5 per cent above expectations. Its shares have since fallen

Some of this may have been profit taking, since Dell has been an exceptional performer. But so-called "whisper numbers" are also to blame. These are unofficial earnings estimates investors and analysts bandy about when a company regularly beats the published numbers and its guidance can no longer be trusted. Dell had beaten analysis' estimates by 5 per cent or more in each of the eight previous quarters, so this quarter's whisper number actually stood at 45 cents.



which it failed to meet. Hence the disappointment. This is a self-inflicted problem. Many companies encourage analysts to make conservative forecasts in the hope that they can produce a pleasant surprise. ous, Wall Street adjusts; the whisper number now becomes the real hurdle to beat, leading to increased share price vol-

The way to get around this is to provide more accurate guidance. In March Microsoft said it would have unusually strong quarterly earnings - a kind of positive profit warning. Follow that to its logical extreme and information-hungry investors will soon be hadgering companies for

#### European shipbuilding

In all the talk about European defence consolidation, naval shipbuilding is rarely mentioned: the focus is on aerospace, electronics and land systems. This is strange. With over a dozen players, the European ipbuilding industry is fragmented and, on the whole inefficient.

Government ontbacks have meant fewer big shipbuilding orders and fiercer export competition - leading the UK's Vosper Thornycroft, for example, to diversify into training and services. However, US consolidation has not encouraged restructuring in shipbuilding as it has in other parts of the defence industry. Six US shipyards, still serving a largely protected domestic market, do not pose a significant competitive threat in Europe. And given that the to the former communist bloc.

number of ships produced each year is so small and the specifications so varied arguments for consolidation based on exploiting economies of scale do not carry the same weight as they do in, say, missiles or tanks.

Furthermore, the only major collaborative programme to date - the cumber some Anglo-French-Italian Common New Generation Frigate – seems an unsteady axis for consolidation. Private shipbuilders GEC and Vosper Thornycroft would not make easy bedfellows with the stateowned DCN of France or halv's Fincantieri. Until the European industry is wholly privatised and stripped of subsidies, cross-border consolidation will remain a distant prospect.

#### Coca-Cola Beverages

The London new issues market is about to get something rather more exotic in the £1bn-plus bracket than Thomson Travel. Coca-Cola Beverages, the drinks bottler, will no doubt claim that it combines the certainty of Coca-Cola's relentless global march with exposure to the right sort of emerging market – in Europe, not Asia. It also comes with some rather extraordinary lifestyle statistics: the average Ukrainian drinks a mere 18 tumblers of coke a year compared with 370-plus in the

With average consumption at only 62 in CCB's 18 territories, the potential looks tantalising. But will the price be too exotic in a flotation-thirsty market? Tak-ing 1998 earnings before interest, tax and depreciation of, say, £140m on a high multiple of 15 gives an enterprise value (including debt) of £2.1bn, or a putative market value of \$1.8bn. This obviously looks steep for a business which made only £15.9m in net profits last year - a reminder that ebitda leaves out some important numbers such as heavy denre ciation of new plant and high tax hills. A more sober multiple of 12 would give a market value of £1.4bn, in line with

That looks well underpinned by the scope for double digit growth and, with only a minority of the stock available, the price might be aqueezed up. Without a dividend, hopes for high capital gains are accompanied by higher risks in exposure

### Brussels may delay vote on German pay-TV plan

Commissioners divided over Kirch and CLT-Ufa joint venture

on whether to approve a planned nav-TV joint venture between Kirch. the German media group, and CLT-: Ufa, the Luxembourg-based company partly owned by Bertelsmann of Ger-

Kerel Van Miert, the competition commissioner, opposes the venture on the grounds it would hold a domi-The German cartels office shares tils concerns. But support for the

deal from other commiss have broadened the debate beyond purely competition related issues. The Commission will also have to

She said she could not rule out a but

postponement. The issue is on the Divisions within the European ing of the 20 commissioners. It is far Commission could delay a decision from certain that Mr Van Miert will secure support from 10 of his colleagues to achieve the simple majority necessary to block the deal.

Mr Van Miert deemed concessions

The commissioner had received a week, they offered German regional letter or Saturday, in which the cable operators access to Proceedings stated they would not go programmes, which they could ant position in German pay TV. . . any further in the concessions they

fre shares were willing to make.

It for the Kinch and CLT-Lia had previously oners and said on several occasions that the intense lobbying by the industry sacrifices Mr Van Miert was seeking ble. The project involves folding DFS, Englis loss-making digital

agenda of tomorrow's weekly meet- offered to give competitors access to part of Kirch's extensive film

They are also prepared to sell a stake in Beta Research, the company that controls the technology for decoder boxes which are necessary offered by the companies "insuffice to view digital TV."

Clent, the official said vesterday. In their latest companion last

programmes, which they could then distribute alongside their own ear-

The official said it was "very difficult to foresee what the Combis sion's decision would be [because] the issue is widely contest News agencies reported that 14 out examine cultural, linguistic and television service into Premiers, an immer states were opposed to the industrial aspects of the deal a analogue service operated by Kirch alliance at a meeting late yesterday. Commission spokeswoman and yes and CLT-Ufa. Demache Telekom, the Toe experts' opinion is not binding terday. "Back commissioner will be partly privatised telecommunication on the Commission which has set defending their position."

### Crackdown urged on launderers using global financial system

At least \$300m in illegally estimad

money is laundered daily through the world's increasingly globalised financial system, as drug runners. and other criminals convert their: profits into usable funds, according to a report.

Commissioned by the Dritted Nations International Drug Control Programme for a special session of the UN general assembly on drugs next month, the report says the international financial system has become "a money launderer's dream", processing a large part of the estimated \$200bn of drug money

laundered annually. The programme will ask IIN member states to legislate by 2003 to counter money laundering more effectively: The main targets for improved control will be financial havens, banking secrecy and the transparency of asset ownership and transactions. Law enforcers want to companies registered in financial co-operation to catch money laun-

Fewer than 30 of the UN's 185 member countries are taking measures to combat money laundering to comply with a 1989 international convention. This means that law \$100m and \$500m in their best years. "The biggest anti-money laundering

operation in US history - involving 12 Mexican banks and the arrest last week of more than 100 bank officials and alleged drug traffickers - will eventually recover only \$157m. The volume of transactions carried out through electronic payment and clearing systems has made money

laundering almost impossible to detect. More than \$2,000bn is moved each day in 465,000 transactions by the Clearing House for Interbank Payments Systems (Chips) and Fedwire, the latter operated by the US Federal Reserva. Another 220,000 transfer messages - dollar value plays for a while, then changes the attack anonymous ownership of unknown - are sent by the Society for Worldwide Interbank Financial

as to strengthen international laundering is estimated to account for less than one-tenth of 1 per cent

of the transfers involved. Many offshore financial havens are criticised for making it too easy to set up "closet and computer" banks with full access to the international financial system. Supervision enforcers recover only between may then be poor, or personnel inadequately trained to do it properly.

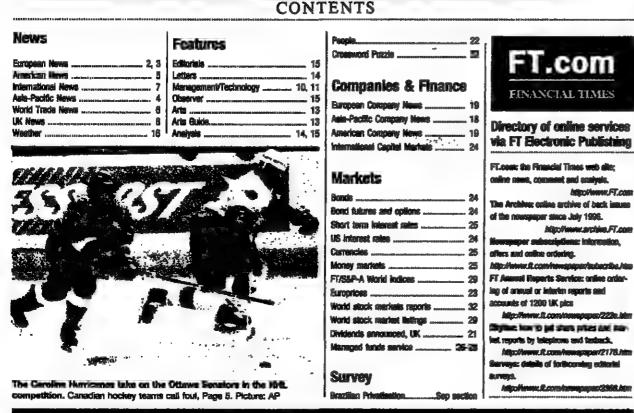
**用数数数数数** 2000年

grand in the Society

 $\alpha_1 = 22.3 \times 10^{-3}$ 

The report lists 18 financial centres in the Caribbean or central America, 16 in Europe - including Switzerland, the Channel Islands and the Isle of Man - 11 in the Asia-Pacific region, three in the Guli and eastern Mediterranean and three in or off Africa.

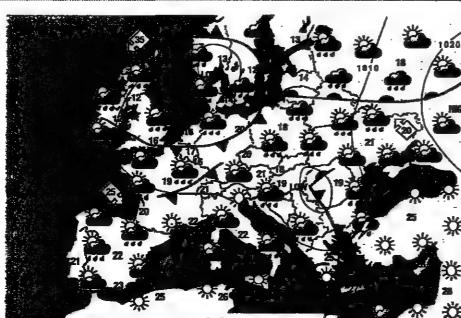
Exporting bulk cash, usually in \$100 bills and sometimes under diplomatic cover, is the favoured method of reaching banks where no questions will be asked. Casinos in offshore centres are a favourite for converting funds: cash is exchanged for gambling chips, the launderer chips back again.



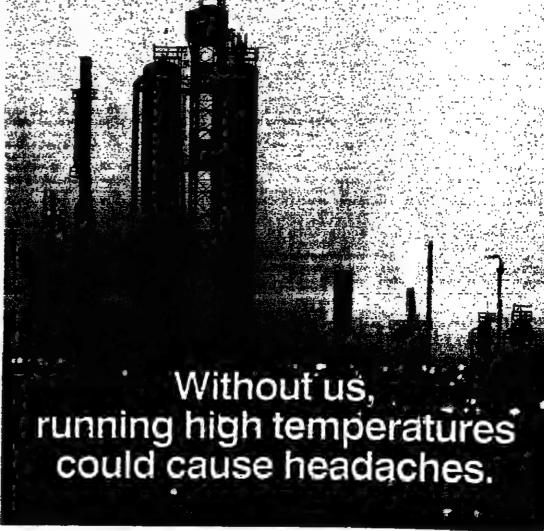
#### FT WEATHER GUIDE

#### **Europe today** Northern France, the Low mostly cloudy with freque also have showers, some of them north will be brighter, with one or of France, Italy and Greece will remain dry with sunny spells. The

Five-day forecast Northern Europe will remain unsettled, with low pressure firmly Scandinavia by Friday. A band of later on Thursday, it should stay



dry and sunny further east in the TODAY'S TEMPERATURES Lufthansa

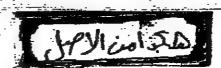


Handling abasive oil products at up to 426°C can cause pumps in refineries to glow with heat. Reliable sealing is critical because leakage could lead to spontaneous ignition.

Sealel, 11 Group's \$100 million acquisition from EG6rG Inc and an expert in both high and low temperature sealing, meets the challenge with edge welded metal beliows seals originally devised for NASA. Working in temperatures so hot that steam actually cools them, these flexible seals utilise a constant low spring load to generate minimum heat at the seal face. They also forgive ment and tolerate abrasives well. With Sexiol's technology, John Crane will find no sealing problem too hot to handle.

John Crane is one of 11 Group's four specialised engineering businesses, the others being Bundy, Forsheda Polymer eering and Dowty. Each one is a rechnological and market leader in its field. Together, their specialist skills enable TI Group to get the critical answers right for its customers. Worldwide,





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INSIDE

#### Frankfurt, Amsterdam and Paris jump to record highs

Lad mainly by the dollar, which came close to hitting a seven-year peak against the yen, Europe's equity markets continued to push deeper into uncharted territory. Frankfurt, Paris and Amsterdam all reached record highs. Page 32.

Santander steals march on rivals Banco Santander has stolen a march on Spanish banking rivals with plans to securitise Pta200bn (\$1.3bn) of commercial paper and sell them as conds to international institutions, Page 24

Seoul bourse hits 11-year low Heavy selling by local

Kurea Composite

gross domestic product. Page 32

under the stock market's new wider share ownership structure. The composite index closed off 24.15 at 331.90, extending the decline since last Thursday's announcement of a 3.8 per cent contraction in first-quarter

an 11-year low. A 6.8

per cent decline for the

benchmark index marred the first day of tracing

Cifra defends merger with Wal-Mart Cifra, the Mexican retailer, has insisted its takeover by Wal-Mart of the US will produce economies of scale. Yet Cifre's operating expenses climbed and profit margins stumped after Wal-Mart bought a controlling stake last September. Page 20

Computer boom set to continue Although some computing services groups look overvalued, analysts say the market will boom for the next three years and support the premium ratings that many in the sector trade on. Page 21

Estrada victory prompts about-turn The election of Joseph Estrada as Philippine president has caused many businessmen to backtrack on comments that an Estrada presidency spett aster. But serious doubte remain. Page 18

#### Gitts outlook hard to predict

The recent belief that yields on UK government bonds and German bunds would converge seems over-optimistic. With bewildering algnals from analysts, the gifts outlook is hard to predict. Page 24

#### COMPANIES IN THIS ISSUE

20 Ionien Bank Ahold 1 James Marga Andre Pharmaceutic 17 Komerchi Benka 24 Kveemer 16 LG 19 LTCB British Airways C&W CKD CLT-Ufe **CSFB** Caspian Pipeline Con Chuo Trust Dev Bank Singapore Domstein

Bf-Aquitains Ford Motor France Telec General Motors HSBC SEE

IPB

W Mileui Trust 19 Nippon Credit Bank Old Multipal POVSA PT Telkom Pelozo SA Pinault Prin **PowerGen** Rotston Purina Rolls-Royce Motors Samsung Motors Shionogi Sibneft Singapore Telecom Suberu of America Sumitomo Trust Telebrás Thames Water Tokio Marine & Fire Toshiba Toyo Trust VW Vickers Wal-Mort Yamanouchi 18 Yaquda Trus 19 Yukos 18 ZPS 17 Zeneca MARKET STATISTICS

for support for a test case which could establish the first pan-European pension fund. Pensions experts from Zeneca, the UK-based pharmaceuticals company, Kvaerner, the Anglo-Norwegian engineering group, and Eversheds, the law firm, believe that a ruling Court of Justice has helped open the door to companies wanting to set up a single pen-

Two multinational groups and

a leading law firm are looking

Zeneca and Kvaemer argue court ruling has opened door to cross-border fund

costs and improve portability for staff across Europe. In a letter to be sent out this week, the three groups will invite up to 50 multinationals to attend a meeting in London at the end of next moth to dis-

cass the issue.

Robin Ellison, head of Eversheds' pensions division, said preliminary legal opinion suggested there was an opportunity to establish a pan-

say such a fund would lower general feeling that there the ECJ. Mr Ellison said the ought to be a test case," he

Test case sought for pan-Europe pension

Ray Martin, head of pensions at Zeneca and vicechairman of the European Federation for Retirement Provision, said: "We think it may now be possible to have a panwant to explore the options."

European pension fund and we Companies at the meeting will be asked to provide financial support for any legal

action, which could go before

cost of any case could be "quite substantial". The two companies are unlikely to proceed on their own.

A test case could involve a company setting up an Irish pension fund for a British employee. This would fall foul of tax regulations in the UK and would provoke complaints

from the Inland Revenue. Mr Ellison said several cases over the past few years and, in particular, the ECJ ruling last

month, have made the defence of such action possible.

between member-states is illegal under European Union The case involved Jessica Safir, a Swedish woman who

that tax discrimination

from Skandia in England. She won her fight against the Swedish authorities, which imposed a tax on the product

cally. However, the wording of the judgment was seen as too specific to Sweden to help mul-tinational companies directly.

offered support to the view provide the setting for any test case because of the similarity of their pension systems. However, the aim of any case would be to allow multinationals to run one fund across sev-

eral countries. Any change is set to be contested by member states, who fear a loss of tax revenues if

CARDOSO GOVERNMENT'S PRIVATISATION PLANS FEEL EFFECTS OF ASIAN CRISIS

### Brazil's state sell-offs may face shortage of financing

Brazil's privatisation plans may face a financing shortage as the government seeks to raise more than \$25bn over the next few months, senior bankers have warned. Several leading commercial

banks in Brazii said financial markets might not have recovered sufficiently after last vear's Asian crisis to cope with the planned privatisations. During July and early Amro.

August the government plans

to sell companies with a poten-

tial value of more than \$25bm. They include Telebras, the telecoms group and the largest terms of market capitalisation. and Gerasul, the first of five tion that there could be a vast electricity generation crunch," he said. companies to be privatised. At President Fernando Henrique Cardoso's government before campaigning begins in earnest for October's general

Privatisation has become

wants the sales completed banks with the capacity to strongly since the crisis. Howines. election and before finance market activity decreases in the US and Rurope over the

central to the government's economic policy as a measure of its commitment to reform and as a source of capital. However, bankers believe if

financing proves tight the government will have to accept a less ambitious timetable or reduced prices for the assets. "There is a huge demand being placed on the banking

market," said Floris Deckers,

Latin America director at

Dutch banking group ABN Banks were also being asked to lend to a number of large project financings to support the heavy investment plans of the private sector and to re-ficompany in Latin America in nance privatisations from last year. "It is not out of the ques-

"The banking market is conleast two electricity distribu- strained," said Octavio Castor at JP Morgan in Sac Paulo. "There are not that many take part in these huge financ-

> In particular, bankers said the small regional banks, which last year were significant participants in the syndicated loan market, had sharply



Brazil's president Fernando Henrique Cardoso wante privatis ted before the campaigning for Outober's general election

Sentiment in the capital markets had recovered more zilian corporations.

A financing shortage would advantage foreign bidders. who were prepared to carry Brazil privalisation, see survey

scaled back exposure to Brazil debt on their balance sheets to

Jose Pio Borges, vice-president of the National Development Bank which is managing ever, there remained reluc- the privatisations, said governtance among institutions to ment measures for the sale of invest in less well known Bra- Telebras, such as allowing for payment in instalments, would ease financing pressure.

### Indonesia to go ahead with privatisations

#### and Sander Thoenes in Jakana

Indonesia will resume the selection of investment bank advisers for its privatisation pore, signalling its determination to put economic reforms back on track after the political turmoil of recent weeks. International investment banks will submit proposals on

Thursday and Friday for advisory roles in the privatisation programme of 12 companies, including the sale of stakes in PT Telkom, the long-distance telecoms monopoly, and Indosat, the satellite operator. In spite of the depressed investment sentiment surrounding Indonesia's crisis-hit economy, many of the big age on hold pending a reasinternational investment

banks are seeking a role. Mer- nomic prospects. rill Lynch, Morgan Stanley, and Goldman Sachs are among the candidates, as is Jardine eign currency holdings and Fleming, the regional investment bank. "Everyone who ment budget. But industry has an aspiration of doing commentators expressed caubusiness with Indonesia in the tion about demand. "This is future has to turn up," said one investment banker. "There whether some of these businesses are sellable."

While PT Telkom and the outlook for the economy." Indosat are seen as relatively attractive, more difficult disposals include Jasa Marga, the toll road operator, and several Indonesian mining companies. Investment analysts say the government will have to be

taking its share below 50 per cent in some of the companie something it has been tradi tionally rejuctant to do.

The value of many of the companies on offer has fallen ia's economic crisis. When PT Telkom was floated in 1995 with the sale of a 25 per cent stake, it had a market capitalisation of almost \$8.5bn. That has fallen to less than \$4bn.

next tranche, expected to be about 25 per cent, is likely to be sold to an international telecoms company.

The sales are part of an agreement with the International Monetary Fund, which has put a \$43bn rescue packsessment of Indonesia's eco-

Privatisation proceeds are seen as vital in bolstering foreasing pressure on the governgoing to be a hard sell," said one Hong Kong fund manager. the management of some of the companies, not to mention

Other companies for sale include Semen Gresek, the cement company. Tambang Tambang, a nickel mine.

Indonesia's legacy, Page 14

### Toshiba blames 89% profit fall on Asian crisis

Toshiba, Japan's second largest electrical machinery 59 per cent fall in annual profits on the Asian economic crisis, the highly competitive personal computer market and weak demand for consumer

Consolidated net profits at the group - which makes everything from nuclear power stations to televisions - fell

But Kiyoski Shimagami,

managing director, said profits would rebound this year to Y40bn, mainly because of an improved performance at the personal computer business. The group also said it would

reduce its board from 33 to 12 members in order to sharpen decision making and give greater autonomy to individ-"These results were in line

with expectations, and the receive a tax credit when sub-

tronics analyst at Jardine Fleming in Tokyo. The shares closed down Y6, or 1 per cent,

at Y583.

Turnovar slipped 1 per cent to Y5,458bn. Although income before taxes plunged from Y125bn to Y18bn, the tax charge fell only 66 per cent, from Y71hn to Y24hn, as Japa-nese regulations do not allow for consolidated taxation. This means the company cannot

tronic devices and materials division more than doubled from Y18bn to Y40bn, on sales up 4.5 per cent at Y1,341bn. Unlike most manufacturers.

operations did not fall into loss, although sales slipped from Y890bn to Y870bn. The emphasis from commodity products to higher-margin specialised chips. This year, the sales rose 1 per cent, but by pany for cutting invegroup plans to increase capital value they fell from Y740bn to 6 per cent to Y1,001bn.

Toshiba said operating income from the information build to order. and communications systems Toshiba's semiconductor division - including personal computers - had collapsed from Y140bn to Y48bn, on sales company has changed its The division had been hit by weak pricing in the PC market. In unit terms, computer

Y7.3bn for the year ending forecasts are achievable," said sidiaries make a loss. spending 18 per cent to Y600bn. In the current year, it March 31.

Steven Myers, industrial electrophysics of the year ending Steven Myers, industrial electrophysics of the year electroph tor-related investment would sonal computers - about 3.2m be 18 per cent lower at Y140bn. units. To reduce stocks, it would accelerate its move to

The consumer products division had a disastrous result, Y15bn to Y45bn on sales down up 1.7 per cent at Y2,184bn. 10 per cent at Y1,040bn. The company blamed lower vol-

Analysts praised the com pany for cutting inventories

### Astra sues US rivals to protect anti-ulcer drug patent

By Tine Bort in Stockholm

the Swedish Astra, pharmaceuticals group, has aunched lawsuits against two US rivals in an attempt to bolster patent protection for Losec, the world's best-selling prescription drug.

which The company, depends on Losec for almost 50 per cent of its SKr45bn (\$5.85bn) annual turnover, said vesterday it was suing Andra

Pharmaceuticals and Genpharm, both generic drug manufacturers, for allegedly infringing patents over the anti-ulcer treatment.

The legal move marks the start of a campaign by Astra to preserve its grip on Losec sales in the US - where sales of the drug jumped 42 per cent in the first quarter of this year before its North American substance patent expires in 2001. Astra said it was seeking

Genpharm in lawsuits filed separately in Fort Lauderdale and New York, to stop the companies selling and market-

ing generic versions of Losec. The lawsuits follow applica-tions by Andrx and Genpharm to the Food and Drugs Administration for permission to market omeprazole, the generic name for Losec. Under FDA regulations, the

applications are put on hold

injunctions against Andrx and for 30 months until the legal Although Astra admitted

that its substance patent would expire at the turn of the century, it said the company had further patents covering the formulation for Losec extending up to 2014.

Industry analysts, who had expected such a legal action, pointed out that Glaxo Wellcome of the UK had failed in a

patents over Zantac, its blockbuster anti-ulcer treatment. "Astra is going to have a fairly tough job defending these patents; it depends how obvious the infringement is," said Johan Strandberg, pharmaceuticals analyst at Deutsche Morgan Grenfell in Stock-

Other analysts said that profits at Astra - which mar-kets Losec jointly with Merck similar legal attempt to protect in the US - would be signifi-

its exclusivity over the drug. In the first quarter of this year, sales of Losec rose 29 per cent from SKr4.8bn to SKr6.2bn, underpinning increased group pre-tax profits of SKr3.94bn - up from SKr3.46bn in the first three months of 1997.

Astra's most commonly

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Finance total losses at the country's top 18 institutions have risen to y4,350bn

### Bad loans hit 10 of Japan's largest banks

Ten of Japan's largest banks poor results showed they years to tackle their remainyesterday announced a collective pre-tax parent loss of Y1,290bn (\$9.5bn) in fiscal has dragged Japan's econ-1997 due to a wave of bad omy down for seven years. loan provisions.

The total loss reported by related and were caused the country's top 18 banks has risen to Y4,350bn, after ble burst. the banks collectively made provisions for almost Y10,000bn of bad loans.

The banks reporting yesterday were Industrial Bank climate became more comof Japan, Long Term Credit petitive because of "Big Bank, Nippon Credit Bank, Bang" financial deregu-Mitsubishi Trust, Mitsui lation. Trust, Chuo Trust, Sumitomo Trust, Yasuda Trust, appear ill-equipped to cope Toyo Trust and Sakura.

basted by the business com-

of approval from blueblooded businessmen such

largest listed conglomerate.

previously sceptical business

Fenix, president of the Phil-

ippine Chamber of Com-

Already dubbed "The

Revenge of the Masses" and

"The Return of the Marcos

Cronies", Mr Estrada's elec-

tion as president - to be con-

next month - has caused

abrupt volte-face, reversing

merce and Industry.

Equally remarkable were

were clearing away the mountain of bad loans that Most of these are propertywhen the 1960s property bub-

The banks that reported yesterday also admitted their operating profits would fall this year as the business

Analysts warn the banks with any more bad loans IBJ up by 51 per cent to its pre-tax profit 76 per cent that may arise, predicting Y1,570bn and at NCB up by to Y9.14bn, while Toyo Trust They all insisted that they that may arise, predicting

Corporate about-turn as

Estrada sweeps to power

picture: Joseph Estrada, nouncements have been cronies rule him?"

the populist Philippine encouraging, say husiness-

vice-president long lam- men. While unveiling last

munity as incompetent on first 100 days in office, the economics and generally vice-president said: "In order

unsuitable for the presi- to succeed, you must enjoy

dency, surrounded by nods the least amount of regula-

as Jaime Augusto Zobel de must be able to rely on

Ayala, president of Ayala consistent commitments and

Corporation, the country's policies from your govern-

the flattering words from Mr Estrada's promise to dis-

leaders such as Alberto mission on Good Govern-

businessmen to perform an foreign bank remarks:

Many in Manila's business community who believed him unsuitable are now showing support for the new president, writes Justin Marozzi

t was an unusual, if telling Mr Estrada's initial pro- Estrada and will be let the

week a 10-point plan for his

tion and the greatest num-

ber of opportunities. You

But serious doubts remain.

numitle the Presidential Com-

ment, the body set up in 1986

by former president Cori

Aquino to recover ill-gotten

assets amassed during the

Marcos era, set off alarm

bells. Will the move mean

legitimising the years of

plunder by former cronies of

Marcos? As the head of one

"There should be alarm that

a lot of ex-Marcos cronies

would return to profit this the weakest institutions 38 per cent to Y1.73im. year, and claimed that the would take several more IBJ made provision ing problem loans.

> ner Kleinwort Benson, said: loss against a Y49.5hn profit year. "The banks can't trade their way out of the bad loan problem and their hidden equity gains are almost exhausted. If the government does not step in with more help there could be big

The banks' estimate of problem loans has risen sharply because of the introing standards. These new standards yesterday pushed profit of Y44bn, some 11 per the level of problem loans at cent lower. Chao Trust liked

In the corporate sector, the

PCGG's most visible role is

food and beverage group for-

merly headed by Eduardo

Cojuangco, a close business

emociate of Mr Marcos and a

key financial backer of Mr

Government acquestration

has long been acknowledged

as a serious constraint on

the group because it has pre-

vented much-needed capital-

raising exercises. Mr Coju-

angeo and related business

interests claim the 48 per

But the fear is that the

too kindly on Mr Coju-

angco's ownership dispute.

cent is theirs.

ing the year, pushing it into James McGinnia, of Drasd- a Y357.7bn pre-tax parent the previous year. Operating profits fell 8.8 per cent to

> Sakura, a commercial bank, revealed a Y417bn pretax loss, compared with a Y59bn profit the previous

Y3.0350m.

However, five of the 10 banks that reported yesterday recorded a tiny profit. duction of tighter account- Four were trust banks: Mitsui Trust showed a pre-tax

IBJ made provisions of profit of Yishn, some 3 per loan write-offs as the stron-Y833.8bn for bad loans dur- cent lower. Mitsubisht ger ones," said Brian Watercent lower. Mitsubishi ger ones," said Brian Water-Trust's profit of Y5.670n was house, of HSBC Securities. down 93 per cent on the Yasuda Trust reported a down 93 per cent on the

> loan provisions. Long Term Credit Bank, by contrast, fell profit the previous year. Analysts argued that some

> of the weaker banks were only reporting profits because they were tackling than the strongest groups.

Yl51bn loss, compared with Nippon Credit Bank a pre-tax profit of Y7bn the reported a pre-tax profit of previous year. The trust Y16.4hn, compared with the bank, which is closely linked Y350bn loss it incurred in to Fujl, admitted that its 1996 when it made large bad problem loans were Y820bn.

Sumitome Trust, often considered one of the stroninto a Y320bn pre-tax loss, ger trust banks, recorded a against a Y18.1bu pre-tax pre-tax loss of Y93.5bn, compered with a profit of Y14bn.

The banks yesterday also released data on their capital adequacy ratios, which showed that all claim to bad loans at a slower pace meet the internationally required capital adequacy "Not all the banks feel that ratio of 8 per cent or more.

#### NEWS DIGEST

TELECOMMUNICATIONS

#### Singapore group downbeat despite 12% advance

Singapore Telecom, the national telephone company, reported a 12 per cent rise in net profit to S\$1.89bn (US\$1.16bn) for the year ended March 31. The group expects slower growth this financial year, noting that its main businesses are dependent on the economic conditions in Singapore and the region,

now embroiled in crisis.

The company believes that growth in international telephone revenue will fall because of lower traffic growth and planned rate cuts. It is working on an alternative budget service which will provide lower grade service at cheaper prices to encourage usage. Analysis are generally unconcerned with expecta-tions of slower growth this financial year for Singapore's top companies as they consider them well-managed and solid

Singapore Telecom is working hard to cut costs and maintain its competitiveness, particularly because the authorities have moved forward its exclusive right to basic telecommuni-cations service to 2000, instead of 2007 under the original ficence. The company has already lost its monopoly over the mobile market, yet Singapore Telecom said these subscribers continued to register strong growth.

Group borrowings repayable within one year amounted to S\$66.3m, and borrowings repayable after one year were S\$100.1m. Revenue rose 12 per cent to S\$4.94bn. Earnings per share increased 12 per cent to 12.37 cents. The directors recommend a final dividend of 5 cents a share, up from 4.5 cents. Shella McNulty, Singapore

#### Fuji Heavy Industries falls 22%

The combined costs of a model recall, losses on equity holdings and an increase in the effective tax rate lowered consolidated net earnings at Fuji Heavy Industries in the year ended March. The Japanese company, which markets its cars under the Subaru name, reported after-tax consolidated profits down 22 per cent, from Y39.6bn to Y30.7bn (\$228m). Sales were up 6.6 per cent at Y1,304bn.

Subaru of America, the company's US subsidiary, did particularly well thanks to the success of the Legacy saloon car and newly launched Forester sports-utility vehicle. US sales accounted for 47.8 per cent of turnover. Domestic turnover, by contrast, fell 16.2 per cent to Y524bn, smid sługgish

A recall of 1.47m cars in October-1997 cost the group an estimated Y4bn, according to Morgan Stanley Dean Witter. The tax charge quadrupled to Y16bn.

'In the current year, the company forecast a slight increase in net profits to Y18bn, on sales down 15 per cent to Y880bn. The dividend would be unchanged at Y7.

The group's well-astablished position in the US would continue to help profits, analysts said. "They have not only restructured considerably, but unlike the other auto makers an and Toyota, they have long ago reached into the niche have a product that is very affordable and very attractive, and they should continue to have strong sales," said Norlaid Hir-

alona, snalyst at Morgan Stanley Dean Witter.

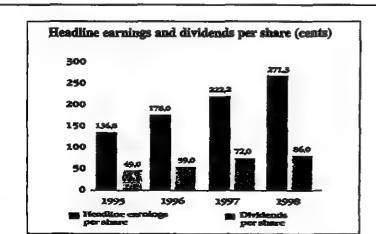
The stock closed up 1.44 per cent, or Y9, at Y833 in a failing market, Alexandra Harney, Toloro

#### INSURANCE based conglomerate, on the peron (\$745m). Much remains in the dark talks with international airlines, including Northwest and analysts point to Mr. Airlines, American Airlines,

### Audited results

for the year ended 31 March 1998

Headline earnings up 28,3% Headline earnings per share up 22,1% Advances up 16,3%



|   | 1998  | 1997  |
|---|-------|-------|
| Headline earnings (R million)                   | 1 692 | 1 319 |
| Income attributable to shareholders (R million) | 1 598 | 1 319 |
| Headline earnings per share (cents)             | 271,3 | 222,2 |
| Earnings per share (cents)                      | 256,2 | 222,2 |
| Dividends per share (cents)                     | 86,0  | 72,0  |
| Return on average equity (%)                    | 18,9  | 17,7  |

"The Group is implementing some far-reaching strategic initiatives and I believe it is well positioned to grow its local and international business, improve all important operational ratios and produce further satisfactory results for its stakeholders."

Danie Cronjé - Group Chairman

This information is also available on our website at http://www.absa.co.zafiff

All financial figures are reflected as South African currency For a copy of the Groups actual report, which will be published on or before 30 June 1998, connect the Group Communication ABAA Group, PO Box 250595, Exam. 2023, South Africa. Telephone (2711) 350-6008. Fax (2711) 350-6027

will also affect the corporate sector by selling off remaining government stakes in anies such as Meralco. the electricity distributor (48 per cent), Philippine new administration will look National Bank (45 per cent), and Philippine Airlines, majority owned by the

Assuming some shares are Chinese-Filipino tycoon Lucio Tan (20 per cent), says Edgardo Espiritu, who will freed up, there is considerfirmed by official results the late president Ferdinand able interest oversess in become finance secretary. buving into or taking over the ailing San Miguel. The fiscal position is tight, Anheuser-Busch, the US with the International Monebrewer, recently joined First tary Fund forecasting a pubdoxy that an Estrada presi- are back. The question is Pacific, the Hong Konglic sector deficit of 28.7bm

Analysts welcome the prospect of increased liquidity in Meralco. Last December, Spain's Union Electrica Fenosa said it wanted to increase its stake in the Philippine utility from 4 to 10 Der cent

PNB, the laggard among the top tier of domestic ject of market speculation of buy-ins from, among others, Metro Pacific, the Philippine flagahip of First Pacific. Philippine Airlines, which is set to record its fourth consecutive year of losses in 1998, said last month it was in

British Airways and Luft-

franchise monopoly, it's a joint venture with the Lopez family. Mr Espiritu says the pri-

vatination of National Power Corporation, the country's largest utility, will be a pri ority; international power groups have already expressed interest. The govin Petron, the country's largest petrol group, is less likely to be sold because previous governments have used it to contain all price rises: the populist Mr Estrada is not expected to act differently.

Estrada's contradictory statements that further hansa, to inject equity. cloud the picture. On the "There's tremendous interest and undiscovered value comforting sermon to busiin some of these companies," ness leaders, Mr Estrada was says John Mangun, director quoted in a local newspaper for portfolio management at saying: "Business will not be IB Gimenez Securities, a allowed to dictate under an local brokerage. "With PAL. Estrada presidency." All that you have the advantage of a seems certain for now is that joint venture with Lucio the apocalyptic prophecies of Tan. With Meralco, a highly some businessmen appear profitable company with a vastly overstated.

### Samsung, Ford talks collapse

and smallest of South Korea's four carmakers, yes- that the industrial group terday said negotiations with Ford Motor, of the US. on a strategic alliance had

"Negotiations on the joint renture have virtually ended in failure, but we can always resume talks when conditions are right," said Lee continue talks with Ford on Dae-won, Samsung Motors

Samsung had proposed new plant in Pusan and co-operate on sales and financing in Korea's highly protected market, in return for an equity investment by the US carmaker. But Ford conprospect of growth in Kores, Mr Lee said.

setback for Samsung, which tor banks, to protect the began car production in group's independence.

fer large losses because of the nation's recession.

Samsung has sugge might be forced to abandon its \$5bn car project unless it can attract overseas investment and he able to acquire bankrupt Kia Motors, Korea's third largest car-

Samsung said it hoped to a possible joint takeover of Kia. "The memorandum of understanding [with Ford] that Ford produce cars at its on co-operating in the reconstruction of the Korean car industry is still effective. We are continuing talks on this

matter," said Mr Lee. Ford is Kia's biggest shareholder with a 16.9 per cent cluded that there was little stake. Kia last week claimed that Ford was considering Mr Lee said. acquiring a 51 per cent The failure of the talks is a stake, along with Kia's creditor banks, to protect the car

#### **FSA. Tokio Marine in link-up**

Financial Security Assurance, the US-based insurer, has tied up with Tokio Marine and Fire, Japan's largest property and casualty insurer, to offer joint products for the securitisation

The two companies vesterday said they would establish an operational joint venture to provide insurance for assetbacked securities in Japan.

The venture is the first of its kind in Japan, Richard Holzinger, Asian regional head of FSA, said. "Although there might have been some looser alliances before, this is the first of this type we know about," he said. The two companies said the new venture flustrated their

feith in the potential growth of Japan's securitisation market. "We think that this market could grow to be the second biggest in the world," Mr Holzinger added. The asset-backed securities market is very underdeveloped

in Japan compared with countries such as the US. However, the government is trying to encourage the market to develop as part of its Big Bang financial deregulation.

In the coming months it will introduce new legislation to make it easier to establish special purpose companies for issuing asset-backed securities.

it is also considering introducing tax reforms to make it easier for banks to securitise property portfolios. Gillian Tett, Tokyo

ELECTRONICS

#### LG takes full control of Zenith

South Korea's LG group will take full control of Zenith, the US talevision maker which it acquired in 1995 as a majority shareholder, through a debt-for-equity swap and new capital under a bankruptcy reorganisation plan.

LG will provide \$80m in fresh funds to Zenith and convert \$200m in debt for equity. Another \$210m of claims held by LG will be exchanged for Zenith manufacturing assets in Mexico and secured notes due in 2008.

Zenith will seek buyers or partners for its colour TV and computer terminal tube plant in Meirose Park, Illinois and its wood cabinet and projection-TV plant in Juaraz, Mexico. LG will supply televisions and other products that will be under

the Zanith brandname LG acquired a 57.7 per cent stake in Zenith three years ago to obtain technology in such areas as digital television. LG said Zenith will concentrate on the development of new products as it sheds most of its manufacturing operations.

LG has already invested an estimated \$750m in Zenith, which has reported only one profitable year since 1985.

### Japanese drugs groups show falls

By Paul Ahrahams in Tokyo Results from Yamanouchi.

Shionogl and Chugai, the problems facing the indus try, with all three showing lower net profits for the year ending March 31.

about their effectiveness.

drugs companies, collapsed by Novo Nordisk, of cent. Most of the fall was its own in Japan, said Shigoff YEShn of goodwill associ- at SBC Warburg in Tokyo. Marion Roussel's Triludan, group.

se drags compones' consolidated results Shionogi and Chugai, the Japanese drugs companies, confirmed the continuing problems facing the industry. Since Si 196 6 82 45A 88 27 87 0

Government imposed price ated with its acquisition of In addition, the governcuts and falling volumes Shaklee, a US healthfood ment insisted it should withcame on top of the enforced group. However, it benefited draw Elen, an Alzheimer's withdrawal of some products from a change in taz regula- product, because of lack of last year. Net profits for 1998 on safety concerns or doubts thous that boosted net evidence that it was effect are forecast as unchanged on income by Y24.7bn. The group also lost sales one of the country's higgest and profits after the decision ing to Morgan Stanley Dean drugs company by sales, is

85 per cent to just Y6bn Denmark, to market its dicted its group sales would (\$44m) on sales up 5 per human growth hormone on fall 12 per cent this year. due to its decision to write eru Mishima, drugs analyst withdrawai of Hoechst drug with Eli Lilly, the US

tive. The drug had sales last increased sales of Y190bn. year of about Y9.5bn, accord. • Takeda, Japan's biggest Witter. Yamanouchi pre- setting up a sales subsidiary

in the US to sell Actos, a treatment for diabetes. It Shionogi suffered from the said it would co-promote the

which it had marketed in

Japan. The drug was found

to interact badly with anti-

biotics and anti-fungals. However, the company,

which specialises in antibiot-

ics, suffered less than most

from government-imposed

price cuts. Antibiotic prices

in Japan are among the low-

Net profits at Chugai were

est in the developed world.

Y9.5bn on sales of Y185bn

Walnches low-cost whome subsidiary

grecover at Brieg

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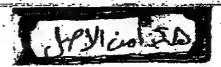
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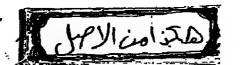
in for Pekao IPO

plans flotation

tha to raise \$220m







#### **NEWS DIGEST**

FRANCE

#### PPR launches low-cost telephone subsidiary

Pinault Printemps-Redoute, the French retail group, yesterday aunched a mass-market telephone company designed to offer low-price calls and a range of related services. The sub-sidlary, called Kertel, is not linked to any one telecommunications operator, but plans to buy phone time from different suppliers with the aim of offering rates 10-70 per cent lower than those of France Telecom.

The service, which has been approved by the French telecoms regulator, has been made possible by the liberalisation of the national telephone network at the start of this year. Customers will be able to buy pre-paid cards through its retail network as well as Shell patrol stations and Casino supermar-

Separately, Bouygues, the French utilities group, is studying the possibility of buying back a 20 per cent stake in Bouygues Telecom, its mobile telecoms subsidiary, from Cable & Wireless of the UK. The action comes in spite of pressure from Vincent Bolloré, the French financier who has built up a significant minority stake over the past few months in Bouygues, for the group to withdraw from the telecorns sector

Cable & Wireless has expressed its intention to sell the investment, which it values at FFr4.5bn (\$764m). Bouyques has pre-emption rights and may consider buying back all or part of the stake, partly in an effort to limit an increase in the stake held by its partner Telecom Italia, Andrew Jack, Paris

#### ISRAEL

#### **Profits recover at Bezeg**

Bezeq, largel's state-controlled telecommunications company, yesterday reported a turnround in net profits for the first quarter. Net income slipped from Shk149m for the same period last year to Shk129m (\$35.5m) but was well ahead of the

Shk43m for the fourth quarter last year Net losses for all of 1997 were Shk222.7m on sales of Shk8.7bn, after a Shk1bn charge for restructuring. Revenues for the latest quarter slipped from Shk2.25bn to Shk2.15bn, with the decline attributed to the introduction of competition in international telephone calls.

Yesterday's results coincided with an agreement between the communications ministry and Cable and Wireless allowing the UK telecoma group to raise its stake in Bezeq from 10 per cent to 20 per cent in two stages. In the first phase, C&W will be able to acquire 3 per cent immediately. Within 18 months. it can raise its stake to 20 per cent if the government opts not to call a public tender for a strategic partner. If it does, C&W will have to wait a further 18 months but will be able to com-

The agreement ends nearly two years of wrangling, with Limor Livnat, the communications minister, opposed to C&W increasing its stake for security reasons. The government holds a 60 per cent stake in Bezeq. Once options for bonds, warranta and convertible securities are exercised by 2001, its stake will be reduced to 54.6 per cent. Bezeq wants to sell a further 20 per cent, probably in 1999. Judy Dempsey, Jerusalem

#### RUSSIA

#### Oil merger talks called off

Yukos and Sibneft of Russia yesterday confirmed they had called off discussions on a merger that would have created the world's largest oil group.

Russia's worsening financial situation, which has been compounded for the all sector by falling prices for crude, compillence pien. The management t Sibnett also proved difficult to combine. The collapse of the merger raises questions for EN-Aquitaine, the French oil company. Ell had agreed to buy 5 per cent of Yuksi, as the merged company was to be called, for \$528m. One possibility for the French company may be to purchase instead a 12 per cent stake in Sibneft for the same price. Chrystie Freeland, Moscow

#### **POLAND**

#### Price set for Pekao IPO

The Polish government yesterday priced Pakao SA, one of the country's largest banks, at between 35 ziotys and 45 ziotys a share in an initial public offer scheduled for next month. The range values the bank at \$1.4bn-\$1.8bn, and the offering will see 15 per cent of the equity sold to domestic retail and foreign institutional investors.

The offer, which opens on June 15, will be followed by the sale in autumn of a 35 per cent stake to a foreign strategio Investor which will be expected to recapitalise Pekao SA and expand the bank's activities to other east and central European markets. CSFB is advising the treasury on the privates.

Foreign institutional investors are to be offered 60 per cent of the Pekao SA offering, with the remaining stock going to domestic institutions and retail investors. Retail investors are being offered a 5 per cent discount on the final offer price, which will be announced on June 10. The shares are to be allocated on June 20. Christopher Bobinski, Warsaw

#### **FISH PROCESSING**

#### **Domstein plans flotation**

Domstein, Norway's second largest fish processing and seafood group, is planning a stockmarket flotation to help fund an aggressive expansion strategy. The family-owned comparry, which operates five processing plants and 15 fish farms, is expected to be valued at about NKr500m (\$67m) on its market debut later this year or early in 1998.

Rolf Domstein, chief executive, said yesterday that pro-

ceeds from the flotation would be used for "vertical integration" involving further bolt-on acquisitions of fish farms and shares in fishing vessels.

The company last year reported underlying profits of NKr40m on sales of NKr1.5bn, making it the country's largest fish and seafood operation after Norway Seafoods, a subsidlary of the Aker RGI holding group. Tim Burt, Stockholm

#### NATURAL RESOURCES

#### Südelektra to raise \$220m

Südelektra, the Swiss natural resources group, is raising \$220m in new equity to refinance its recent acquisition of Consolidated Metallurgical Industries (CMI), South Africa's third largest ferrochrome producer.

Since 1992 Südelektra has spent nearly \$700m on eight acquisitions culminating in its \$215m purchase of CMI, which has established it as the world's largest ferrochrome pro-ducer. The group last raised equity in a SFr150m (\$102.6m) one-for-two rights issue in 1994. Since then, its share price has more than doubled, revenues have risen fourfold to more than \$400m, and its gearing has risen to more than 100 per

Südelektra is raising the equity in a combined rights issue and global offering of up to 35 per cent of its issued share capital, it will make a 1-for-5 rights issue of 180,000 shares tor existing shareholders, at a price of SFr1,050, and issue another 135,000 shares to international investors at close to the current market price. Súdelektra's shares closed at SFr1,303 ahead of yesterday's announcement. William Hall, Zurich

### Czech groups cast their net abroad in search of funds

Bank loans are scarce and the Prague bourse has low liquidity, writes Robert Anderson

zech companies are Inational equity issues this year, as the flow of bank loans dries up and the Prague Stock Exchange struggles with low liquidity

and a poor reputation. Czech companies have been slower than their neighbours to seek interna-tional listings. Only the two biggest banks, Komercni Banka and Ceska Sporitelna, are listed abroad, on the London Stock Exchange. However, at least five companies plan to follow them to

London this year. Ceske Radiokomunikace, the state-owned radio, television and telecommunications company, today list as Global Depositary Receipts in London the bulk of a \$134m equity issue.

Next month, SPT, the majority-controlled fixed-line telecoms monopoly, will seek a listing of some existing shares. In July, CKD, the country's second biggest engineering company, begins its own \$40m GDR roadshow. And in the autumn, IPS, the second biggest construction group, is planning an \$80m GDR issue of new and old

This new wave follows last queuing to make inter- autumn's aborted initial public offering of Bonton, a music and film company, and a GDR issue by Interkontakt, the country's biggest retailer

Interkontakt needed to

raise capital quickly to fund the acquisition of PHS, the second largest retail chain in Poland, and chose instead to place \$46m of shares with a private equity fund run by Credit Suisse First Boston. Bonton cancelled its \$30m-\$40m issue at the last minute because of the global fall in stock markets. Like Interkontakt, it turned to a pri-

vate investment fund, run.

by Morgan Stanley, its

adviser. Bonton now hopes

to go ahead with a larger IPO in the autumn. While the cancellations can be blamed in part on stock market turbulence. they also reflect the tightening domestic market for loans and companies' growing indebtedness.

Previously, banks were an easy source of finance because of their own shareholdings in companies. Jan Tauber, head of the Prague office of HSBC, which is preparing the IPS issue, says:



"Bank lending in the Czech Republic resembled venture capital funding in more mature market economies." Now interest rates have risen to about 16 per cent as the central bank tightens monetary policy, and banks are more wary of giving credit as they make provisions for their past largesse.

This is hurting many Czech companies. Igor Stratil, finance director of ZPS, the country's biggest machine tool manufacturer, says: "With interest rates as they are, if you want to finance something you haven't a chance.

He says ZPS plans its own \$50m-\$60m equity issue at the end of the year to improve its balance sheet. The banks acknowledge

the problem. "Czech companies depend much more than others in the region on banking credits. Therefore they are very sensitive to a change in interest rates," says Jan Klacek, head of Investicni a Postovni Banka, the third biggest bank by assets, "Interest rates are too high and it must be difficult for many companies to work out an investment project with a return that can pay back the credit."

But Czech companies have also been slow to seek issues because of their shareholder structures. Many are still in state hands, and the majority shareholders of companies privatised through vouchers in the early 1990s are more worried about losing control than a shortage

of capital. The problem is accentuated by the failure of the stock market to do its job. "The capital market has not been regarded as a way of raising funds." says Mr Tauber. "It was looked at says. "And they would have more as a way of gaining to be well known and very control of the company. This profitable companies.

of voucher privatisation. Bonton's IPO would have been the second and only significant IPO on the local bourse. Czech and foreign investors have been frightened off by insider trading the lack of protection for minority shareholders and outright fraud, with the result that liquidity is low

and the market has underperformed its neighbours For successful start-up companies such as Bontor and Interkontakt, a listing in London is the first step to funding regional expansion. The market cannot handle large issues and foreign investors are much more willing to buy GDRs than to

For smaller and less attractive Czech companies however, the outlook is bleak. Last month, a capital markets watchdog was finally set up. New legislation will force investment funds to reduce their industrial shareholdings and become open-ended. However. Mr Tauber says this is unlikely to change things in the short term. "IPOs of \$15m-\$20m are the maximum the market could handle," he

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power in motion.

### Cifra sets the record straight

By Henry Tricks in Mexico City

Walk into the corporate headquarters of Cifra, Mexico's largest retailer, and it feels like a visit to the altar of cost-cutting.

No sign of the plush penthouse offices common to most big Mexican corporations. Top Cifra executives work out of the drab second floor of a branch of its lowcost clothing store, Suburbia. They ditched the fancier mula," said one executive. former headquarters after "There are greater expenses deciding it would be more up front because you have profitable as a new store.

The thriftiness for which Cifra has been known Then there comes a process throughout its 40-year his- of selection and you standartory makes it a neat fit with dise operations to achieve Wal-Mart of the US, the economies of scale. It doesn't world's largest retailer, happen overnight." which bought a controlling stake in the \$11bn Mexican company last September.

So it was to the horror of with Cifra, while fully-owned industry watchers that Cifra stores that pre-dated financial results highlighting the initial impact of the merger revealed that Cifra's operating expenses jumped 60 per cent in the first quarter and profit margins tum-

cent last year, plummeted and some industry analysts gloomily suggested Wal-Mart's takeover of Cifra may have been bungled.

Unused to such criticism, Cifra executives sprang into merger will produce econoaction. They summoned analysts who had downgraded their earnings estimates and convinced them some of their assumptions were wrong. A company that is notoriously media-shy also opened its doors to explain the merger - though under the strict condition that no

names be used. "There's no magic forpeople from Wal-Mart and Cifra doing the same jobs.

Since Wal-Mart moved into Mexico in 1991, its stores had been run as foint ventures 1991 were managed sepa-rately. Last September all the stores were combined under the Cifra name, and Wal-Mart took over 51 per cent of Cifra's shares.

The higher costs, the exec-The company's stock utive said, were the result of value, which climbed 143 per a transition period in which both Cifra and the stores formerly run by Wal-Mart/Cifra strove to understand each other's computer and administrative systems.

The company insists the mies of scale. Where synergles were not previously exploited, Cifra is now linking buying, computing and management of all its stores under the same roof.

It is introducing Wal-Mart's high-tech inventory management system across the company, and it does its

Management expects that by the year-end the new company should be as efficient as the

Cifra of old

mainframe computing from Wal-Mart's processing facility in Tulsa, Oklahoma.

The cost-savings have not come as quickly as many analysts had expected, but gement expects that by the year-end the new com-pany should be as efficient as the Cifra of old.

On the ground, the merger is already bringing changes to Cifra's mix of stores. In 1997, low-margin, highvolume stores such as Wal-Mart's Sam's Club and the Mart."

downmarket Bodega format accounted for 47 per cent of Cifra's sales, indicating a drive toward greater market

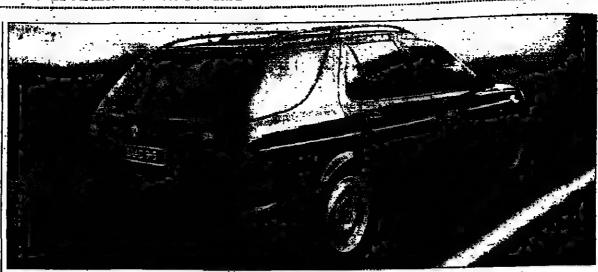
it has plans to invest between \$260m and \$430m in further expansion, aiming to move beyond the central Mexico area where most of its stores are clustered.

With competitors snapping at its heels as consumption in Mexico rebounds from a punishing economic crisis after the 1994 peso devaluation, Cifra has begun aggressively cutting prices. The promotion appeared to

have begun paying off in April, when Cifra's samestore sales grew a robust 14 per cent - higher than some of its main competitors. An executive said the pace was also strong in May. though slightly below April's level which was bolstered by a luto Bester.

Meanwhile, analysts who had downgraded Cifra stock in the wake of the firstquarter results were anxious to stress the company has a bright future. "It's a very cost-conscious

company," said Debra Wang Smith of J.P. Morgan, who cut Cifra to a long-term buy from a buy in early May. "It's lean and so is Wal-



Saab Automobile, the Swedish carmaker, yesterday confirmed a SKr1.2bn (\$156m) Investment to upgrade manufacturing plants and unvelled a new estate car (above), due to be launched

Sort to Stuckholm: The making company; which is Motors of the US, said it. plantied to restructure. operations at its Troilbättan plant in southern Sweden. where the new car would be

produced. Robert Hendry, chief executive, said the introduction of new press lines at Trollhätten would help lift productivity by 30 per cent. South sauld the new astate car, based on the 95 saloon,

would be launched at the

Paris motor show this autumn, with deliveries beginning next year. The measures mark the latest attempt by Saab to return to profit after accumulating losses of SKr12bn since 1989, when GM acquired its stake.

### Vendex and DBU in foods merger

Shares in Vendex and De Boer Unigro (DBU), two big Dutch retailers, jumped yesterday as they revealed a plan to create a supermarkets group ranking close behind Ahold, the sector

Vendex, which said earlier this year it was spinning off

1997 merger. They said the combined group would seek to expand outside the Netherlands.

About 28 per cent of the F1 11.5bn (\$5.8bn) turnover will come from Spain, where DBU operates the Super El Arbol chain, and

chains such as Edah and Super De Boer, will be 24 per cent. That compares with 28 per cent for Ahold's Albert

In an equity swap, the exact proportions of which positive effect on earnings will be set in July, Vendex

BATTERIES

segment of the market.

FINANCIAL SERVICES

its foods division, is to Belgium, where it has a shareholders are expected to merge that business with 5 per cent market share.

DBU – itself the product of a. The share of the Dutch issued shares in DBU for every seven they own. The combined market value yesterday approached Fl 5bn, as shares in Vendex rose Fl 6.50 to close at Fl 141, while DBU added FI 11 to FI 109.50.

The companies expect a

**NEWS DIGEST** 

**Eveready set to launch new** 

Evereedy Bettery, part of Raiston Purins, the US pet food and battery company, is today expected to announce the imminent launch of a new range of batteries that will be sold around the world under its flagship Energizer brand name. Called Energizer Advanced Formula, the battery is an upgraded version of its existing Energizer alkaline bettery. It has been developed to give longer life in so-called high drain devices such as hand-held computers, digital cameras and The move will be seen as Eveready's response to Durscell Ultra, a similar product launched a few weeks ago by Duracell, the battery making arm of Gillette, the US shaving prod-Duraceli said its new batteries would last-up to 50 per cent longer than existing alkaline battedes when used in high-drain devices. Eveready is going a step further, claiming its Energizer Advanced Formula can last up to 60 per cent longer. Everendy's Energizer subskillery sald high drein devices now accounted for more than 20 per cent of elicatine betteries sold in AA and AAA sizes, and represented the fastest growing

**Energizer product range** 

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### MC builders' ald fetch ove

#### out the product during the summer, backing it with a \$150m global marketing campaign. Richard Torridna, New York

FirstRand valued at R51.7bn Shares in FirstRand, the new South African group merging the financial services interests of Anglo American and RMB Holdings, were listed on the Johannesburg Stock Exchange yesterday and closed at R9.50, valuing the company at R51.7bn (\$10.2bh).

By the year 2002, consumer demand for alkaline betteries with strong high-rate performance is expected to increase by as much as 60 per cent," the company said. Energizer will roll

FirstRand, which brings together banks and life assurers under a single holding company, to South Africa's biggest listed financial services group. Old Mutual, the life assurer which is demutualising and plans to list next year, is expected to be valued at a similar amount.

The RMBH team has further tightened its management grip on the new group following the decision by Neal Chapman of Anglo's Southern Life Association not to take up the post of FirstRand chairman because of "family issues". Anglo has the right to nominate the chairman during FirstRand's first three years, but it has chosen G.T. Ferreira of RMBH for the job.

Laurie Dippenaar, FirstRand chief executive, said the group was ahead of South African competitors seeking similar merg-ers in line with international trends. The merger is rooted in the belief that the divisions between life assurance, investment management, banking operations and their respective products are increasingly and rapidly becoming indistinct," he said. Victor Mailet, Johannesburg

#### FTSE GOLD MINES INDEX May % chg May Year 22 on day 21 ago T196.00 -0.8 1207.97 1854.31 # Regional Indicas

**HOLDERS OF** *QUISTANDING* US\$65,000,000 CS FIRST BOSTON GROUP 0.25 per cent. Convertible Bonds due March 12, 2006 CS First Boston Finance, B.V. (the "Bonds") of Samsung Display US\$200,000,000 Devices Co., Ltd. Guaranteed subordinated (the "Company") Boating rate notes 2003 NOTICE IS HEREBY GIVEN to the holders of the Bonds that, pursuant to the provi sions of the Indenture communic the Bonds, the conversion price of the Bonds has been adjusted from Won 77,498 to Won 74,147 per share. The new conversion price will become effective remocrive-ly to April 3, 1998. This adjust-ment has been made as a result of

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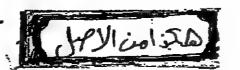
meeting of the Company approved such rights issue on March 6, 1998 Devices Co., Link May.15; 1998

rights issue of the Company shares. The Board of Directors

Notice is hereby given that for the interest period 26 May 1998 to 27 November 1998 the notes will carry an interest rate of 5.875% per. annum. Interest payable on 27 November 1998 unil amount to US\$30.19 per US\$1,000 note and US\$301-91 per US\$10,000 note and US\$3,019.10 per US\$100,000 note. Agent: Morgan Guaranty Trust Company JPMorgan

IFM acts to im

FINANCIAL HAIL



### Good times continue to roll for computer companies

But supply could start to exceed demand at the start of the new millennium and growth slip, writes Christopher Price

Sgroups may look hugely overvalued but analysts are agreed that the market will continue to boom for at least the next three years and support the premium ratings many companies in

the sector trade on. The latest study, The 1998 Holway Report, says the UK and European computer software and services sector is being buoyed by strong demand from corporate customers seeking to use technology to become more com-

Growth is also driven by one-off factors such as the so-called millennium bomb where older computer saw UK computing service systems may not recognise dates after 1999 and malfunction - and the introduction of the European single cur-

However, the report - the most comprehensive study of the UK computing services market – sounds a note of caution, warning that growth will slip back to market average levels soon after 2000 as the millionning bomb and euro expenditure

This, it argues, will significantly affect the stock market valuations of a large number of computing services companies. IT staff sector capitalisation of agencies in particular £18.2bn will grow to £22.5bn will be hit "very badly when by the end of 1998 and reach

nome computing services the early part of the new this case, its proportion of millennium".

vate software and computer service companies to act quickly and embark on either a trade sale or flotaexotic rating the market is

Holway's report - cover ing 2,500 companies including privately-held businesses and foreign subsidiaries says 1997 was the first year that the number of outward acquisitions outnumbered purchases of IJK companies by overseas predators.

Rising profits, not to mention soaring share prices. companies going on a spending spree - with Delphi, Logica, Misys, Sage and Select Appointments particularly

This trend is set to acceler ate. In a recent report on the sector, Dresdner Kleinwort Benson forecasts that the seven biggest software and services companies will spend some £7.5hn (\$12bn) on acquisitions over the next

five years. Takeover activity will be a key factor in the continuing growth of the sector, the investment bank believes. It predicts that the current IT supply exceeds demand in 265bn by the end of 2003. In

the All-Share Index would The report also urges pri- rise from 1.3 per cent to 5

This target assumes aver age organic growth rates of between 18 per cent and 19 tion to take advantage of the per cent - almost twice the market average - up to 2003. Holway describes 1997 as a "vintage year". Pre-tax profits, for example, rose by an average 37 per cent, against 28 per cent previously, while earnings per share among listed companies increased

> n addition, the UK was the fastest growing market in Europe. This helped it overtake France as the secand largest software and services market in the region. and at current growth rates, Holway says it will overtake Germany soon after 2000.

by an average 51 per cent.

In spite of this, no UK companies feature in the list of Europe's biggest computing services groups. Cap Gemini of France and

Germany's SAP head a list of six European groups in the world's 20 largest, which is dominated by US groups. The report also notes that revenues from outside the UK rose 42 per cent to 55.1bn, with growth in continental European reaching 50

DEF CEDI The worst performing sector was hardware mainte-



declined 5 per cent, a similar with Holway forecasting fall being recorded among were companies.

T staff agencies were the strongest performers, with revenues jumping 56 per cent including organic growth of 35 per cent. Elsewhere, revenues from internet-related activities rose six-fold to £300m.

growth to more than £2.5bn

EDS of the US remained the largest supplier to the UK market, achieving revenues of more than tibn for the first time last year. British Telecommunications' Syntegra was the highest placed UK-owned company (11th), followed by Logica.

increase to almost 250,000 in the number of staff employed by the 2,500 companies. However, Holway found average staff costs unchanged, in spite of reports of wage inflation among some IT specialists

The 1998 Holway Report.

and skill shortages

01262 781545. £2,150,

#### COMMENT

#### Thames Water

Thames Water's international operations have been fairly trouble-free recently, unlike rivals such as United Utilities which got stuck down a Bangkok sewer. But now it seems that the plug could be pulled on one of its own projects: a 25-year concession to manage part of Jakarta's water supply. Could this blow a hole in the company's international port-

international expansion. It bids for concessions to manage water systems. This exposes it to far less revenue risk than more ambitious "build-operate-transfer" projects.

Still, questions need to be asked of the company's political antennae. It began operating in Indonesia just four months ago, when the country's volatility was obvious,

Like all water companies. Thames needs to increase its non-regulated business as a protection against tough regulation of the core business. International expansion still offers the best route for Thames. To muscle into alternative sources of non-regulated earnings now, such as waste management, would be expensive. But if Thames is to pursue more emerging market opportunities, it may need to show greater political sophistication.

#### Electricity pool

It was not quite turkeys voting for Christmas, but it was still odd to hear the generator. PowerGen, push for a reform of the electricity pool last week.

After all, it and National Power benefit from the status quo. As swing producers, they set the price of electricity in the pool, the clearing house between suppliers and users. What this price should be is the subject of lively debate. Many argue that it is still too high, and is more than the price a new entrant would need to justify building a plant. The pool system needs reform.

PowerGen supports one important innovation: demandside bidding. At the moment, the pool price does not reflect bids from consumers to take electricity at a certain time and a certain price. Matching bids from suppliers with the users' offer would mean more transparent prices. But if the government pushes ahead with its moratorium on gas-fired power stations, reform of the pool pricing system will be undermined. Giving users influence over the price of electricity is an empty gesture if competition among suppliers is

### RMC builders' merchant HSBC to could fetch over £100m

RMC Group, the building materials company, is believed to have put its are instead consolidated builders' merchant, Hall & with those of several other

Analysts, predicting a round of consolidation in the profits of £28.4m on turnoverincreasingly competitive market, say the underperforming subsidiary could fetch just over £100m

There is expected to be keen interest from other builders' merchants, includ- crete, cement and aggreing Travis Perkins, Graham Group, Wolseley and Meyer.

response to a question from a shareholder at its annual meeting on Friday, Christopher Hampson, chairman, said the group was "working hard to improve the performance of Hall & Co, which is under review."

have already signed confi-

of Hall as a first step towards an auction.

RMC does not disclose separate figures for Hall, which businesses. Together the operations made trading of £603.2m in 1997. The results include those

of Great Mills, the DIY retailer. In common with Hall this business lies outside what analysts see as RMC's core activities in con-

However, the company is directly on the disposal. In of Great Mills, which is thought to produce respectable profits.

Hall has 97 branches and products, such as concrete blocks and cement. Analysts

The consolidation in build-

ers marchanting is being driven by two factors strong strong competition to supply an increasingly fickle customer base at the lowest price and the need to invest

> To keep demands for price cuts in check, builders' merchants are setting up big databases recording the prices at which each customer last bought any of many thousands of products.

heavily in technology.

Last autumn, Meyer bought Harcros, the building merchanting division of Harrisons & Crosfield, the congiomerate for 2318m. The which already owned Jewson, the biggest building merchant in the UK.

. Apart from Hall, there are specialises in relatively low- few large builders' mermargin "heavyside" building chants for acquirers to buy, although Graham Group has been tipped as a takeover candidate. The bulk of the

### promote unit trust

HSBC Securities will today become the first stockbroker to promote a unit trust to

The move is the first sign that brokers may become involved in launching open-ended investment companies (oeics), the successors to unit trusts, which incorporate elements of the investment trust framework. Usually unit trusts are

launched and marketed by

the fund management company that runs them. HSBC Securities is promoment's European Recelator fund, the latest in Close's line of "protected" funds reduce the risk of a fall in value. Close FM is part of

bunk Close Brothers.

the London-based merchant

### Glynwed to make £100m sale

Glynwed, the Birminghambased engineering company famous for Aga and Rayburn cookers, has agreed to sell its metals distribution bustness for £100m (\$167m).

The sale to Kingston Metals, a subsidiary of Henley Management Company, 2 privately-owned US group. forms part of Glynwed's two core businesses. These are its consumer and food service products division, which makes Agas, and its The price is based on net pipe systems business, assets of 260m plus goodwill which makes specialist gas of £40m, with the price pipe systems business,

and water pipes. The operations sold dis-

tribute stainless steel and aluminium under the names Aalco. Cashmore's and Amari in the UK and also trade in Germany, the Netherlands, Spain and the Irish Republic.

Glynwed had been keen to dispose of the metals distribution business because it was so heavily affected by strategy of focusing on its price fluctuations. In the year to December 27 1997, it made operating profits of £10.1m on £268m turnover. ats of 260m plus goodwill

adjusted according to changes in the level of net

Tony Wilson, Glynwed chief executive, said that when the distribution business was bought 10 years ago it was expected to fit in with the metals processing

dealt in different metals. Macready's and Hub Tubes, two distribution businesses closely associated with the processing division, were being retained, as were two plastic sheet and rod distributors, Amari Plastics in the UK and Port Plastics in the

end of analysis' £80m-£100m forecasts for the transaction. Glynwed has said it also intends to sell the metals processing division, but Mr Wilson was unwilling to be drawn yesterday on the state of negotiations on that dis-

He said a return of cash to shareholders after the sale was one option, but the company was more interested in making acquisitions.

Kingston was committed to developing the distribu-

#### Staven Keeling, head of estimated its sales at about However some potential £180m. They said the subsidence consolidation is likely to bidders are understood to lary was unlikely to sell for consist of small, local buildconsolidation is likely to HSBC Securities' retail sales, said: "We are not promoting ers' merchants being bought the unit trust industry but a more than 65 per cent of dentiality agreements giving turnover, or £117m. piecemeal by national operaproduct that we think is

### PDFM acts to improve performance

By Jane Martinson, Investment Correspondent PDFM, the UK's second largest pension fund manager, has made changes to improve its poor perfor-

The moves are designed to in a sustained bull market. show that the fund manager moving from its core "value" pooled fund, which manages philosophy which invests. for example, in companies aiming improve returns come as other large UK fund funds ranked by Caps, a per-managers are reorganising formance measurement com-lormance measurement comthe way they manage their pany. Thisput PDFM fourth

funds in the face of an increasingly distillusioned As part of the changes, the changes, the shares, for example the economic value added techniques. three years mainly because

in the quarter to March pension funds on behalf of several clients, returned 9.1 per cent, against an average of 12.3 per cent for the 66

owned by UBS, the Swiss for its fund managers to sell nique. Mr Yates said the banking group, has under- a share without detailed group performed its peers and the research. Paul Yates, head of its investment practice to FTSE 100 index in the past marketing, said full analysis at alternative arrangewas undertaken before a ments". However, he of a bearish view of equities share was bought, and this stressed that it was "still would now be done also when it was considered for is open to new ideas without this year, PDFM's £1.2bn sale. This normally hap- sue its value philosophy. pened when its price increased to PDFM's notional "fair value" for the

PDFM, which has recently

dogmatic about principles", and would continue to pur-Mercury Asset Manage-

ment, the UK's largest peninvestment reverted to Phillips and restrictions for the fund managers who work for its

## **ALTE LEIPZIGER**

J.P. Morgan Securities Ltd. has placed 5,788,620 shares of

### **BHF-BANK AG**

at DM 75 per share representing a transaction value of DM 434 million on behalf of

Alte Leipziger Lebensversicherungsgesellschaft a.G.

33.000.000.000

#### Financial Times Surveys Real Estate **Finance** Monday June 15 For further information, please contact: Felicia Kay in London Tel: +44 171 873 4199 Fax: +44 171 873 4817 email:felicia.kay@FT.com \* \* or or Tim Hart in New York Tel: +1 212 745 1341 Fax: +1 212 688 8229 email: tim.hart@FT.com FINANCIAL TIMES

To The Holders Of Banco Central de Costa Rica D\$\$66,611,115

davest Claims Bonds Rose Mary 21, 2005 UE\$76,435,529 Series 8 erest Claims Bends

**[] [] May 21, 20年** 

NOTICE IS HERE-BY GIVEN that the rate of interest from May 21, 1998 through and including August 20, 1998 is 6.546875% per annum. Interest coupons pay-able on August 21, 1998 will amount to \$318.96 per \$100,000 nominal face amount on the Series

A Claims and \$352.42

per \$100,000 nominal

face amount on the

Series B Claims. First Trast of New York, ILAL JPMorgan

19 May 1998

The communicate is writer on affer to will over a administration of an affer to buy after of these meanture and appears as a matter of record write LP Margan Seguritars Ltd. to regulated by the SFs and it a member of the Lamban Stock Exthange, OPPN JP. Margan & Co incorporated JP Varyon is the marketing name for JP. Margan & Co incorporated and for its administrative workloads.

**LEGAL SERVICES** CROSS-BORDER LINKS

### Forging alliances with German companies

City of London law firms are considering carving a presence across Europe, writes Robert Rice

legal services market is cal mass to do the more hotting up. Last week's and put themselves on a more announcement by S.J. Berwin & equal footing with the much Co, the City of London law firm, larger UK and US firms. that it is forming an exclusive link with Knopf Tulloch & Part- of Knopf Tulloch. in the early ner, the specialist German pri- 1990s most German firms were vate equity adviser, came soon reluctant to link with the after the announcement by Freshfields, the UK international law firm, of a link with Germany's Deringer Tessia Herrmann & Sedemund.

The announcements were made against the background of the continuing talks between Linklaters, the UK international law firm, with Oppenhoff & Rådler and other members of the Alliance of European Lawyers,

Clifford Chance, the UK's largest international law firm, has appointed its 500th lawyer in continental Europe - appropriately enough in Frankfurt - and plans to double in size within two years. Peter Cornell, the Madridpased joint managing partner of Clifford Change in Europe said in March that the firm had viewed controlled organic growth as the best way forward, but these days "no one can exclude the option of a big international merger of top Ten years ago

The UK's Ashurst Morris Crisp German law firms has recently opened an office in Frankfurt, Arthur Andersen, the accountant, is said to have held talks with Germany's Punder

Shearman & Sterling, the US than one city international law firm, has held talks with Germany's Bruckhaus Westrick Heller Löber, as have you've got good relations with Glde Loyrette Nouel and Loeff Claeys Verbeke, the French and Dutch/Belgian members of an alliance with the UK's Allen & Overy. The Allen & Overy/Gide/ Loeff alliance has also held talks with the Punder Group.

Until recently none of this would have been possible. Ten years ago German law firms were not permitted to practise in more for fear of it swamping the oththan one city and they could not ers. Now they feel the need for a have more than 20 partners. link with the UK market, hence When the profession was deregulated at the end of the 1980s the market began to re-align and a senior partner, says the biggest together with Ashurst Morris spate of domestic law firm mergisingle force for change in the Crisp of the UK and the

The battle for the German ers followed as they sought criti-

According to Anthony Tulloch Anglo-American firms, mainly because of the size issue. "The purpose of a lot of the domestic mergers was to gain size so as to

be able to look the UK firms in the eye and merge as equals." Jonathan Blake, head of private equity at S.J. Berwin, says that in the provision of legal services to the global financial markets, the primary flows of legal work are from the US outwards and from the UK outwards.

For German law firms, therefore, the main question is whether it is better to be independent and work with lots of UK and US firms or whether they would be better-off with a real involvement in the US or UK market place through a link with a US or UK firm.

"It's a brave move to link if

### were not permitted to practise in more

lots of UK and US firms," he

The Alliance of European Lawyers provides a good example of how things have changed, he adds. When the firms from Germany, France, Spain, Belgium, the Netherlands and Sweden set up the Alliance they were determined not to have a UK member the talks with Linklaters.

David Harrel, S.J. Berwin's

European legal services market is that law firms in the European Union, and in Germany and Italy in particular, have decided they should not be afraid of the London law firms and that an alliance is a good way forward.

"Every single City law firm is talking about trying to create an alliance or presence across Europe and the European market is more receptive to this than it ever was before," he says.

But there is another reason why in Germany in particular there is a more general move to link with the Anglo-American

In the corporate world, transactions involving international money, both domestic and crossborder, are increasingly done on Anglo-American models using Anglo-American documentation. The German law firms are missing out on these deals because they lack significant US and UK law capability.

The merger between carmakers Daimler-Benz and Chrysler provides a good illustration of the problems the German law firms face. Although the merged company was to be structured essentially as a German undertaking and created under German law, Daimler chose Shearman & Sterling, the US international law firm, to do the deal.

According to Edward Burke, director of communications at Shearman & Sterling, there were two notable aspects about the deal. "The first was that the transaction was unusually lawyer-driven. German law hadn't anticipated a cross-border deal of this magnitude, so we had to invent a legal structure. The second was that we had German lawyers doing German law for a German company within a US

The only German firm with a real role in the transaction was Bruckhaus. Some commentators believe Bruckhaus, which values its independence highly, is the only German firm really capable of heading a pan-European law firm of its own making.

European Counsel magazine suggested recently that Bruckhaus could do worse than to get



Dutch/Belgian/French combine. Stibbe Simont Monahan Duhot. The importance of English models, English law and UK and US investment to the private equity market in Germany also lies behind the S.J. Berwin/Knopf Tulloch alliance.

In 1996 Germany was the most active continental European market for management buy-outs, with a total transaction value of £1,2bn (£2bn), although the value of buy-outs was much smaller in relation to gross domestic product in Germany at about 0.1 per cent, than it was in the UK (1.0 per cent), the Netherlands (0.3 per cent) and Switzerland (0.4 per cent). S.J. Berwin says this suggests potential for the buy-out market to grow in Germany.

The historical reason for the low level of buy-out activity in Germany is the strong traditional links between banks and companies which meant there was little perceived need for external equity finance, while the success of the traditional structure of the German economy up to the early 1990s meant there was relatively little pressure for companies to

Although these relationships have been eroded in recent years, partly because of the opportunities provided by financial globalisation, S.J. Berwin says it is likely to remain strong for many years, so it is unlikely that management buy-outs in Germany will rise quickly to the levels seen in the UK.

That said, divestment from local parents provides an important potential source of MBO opportunities in Germany. There are about 700,000 family-owned Mittelstand (small to mediumsized) companies, set up after the second world war, that now face succession problems and which will be looking for new owners over the next 10 years.

In addition, some German groups, such as Daimler Benz and Siemens, the telecommunications and electronics group, have sold loss-making divisions to focus on core businesses. This trend is likely to continue.

Mr Tulloch says there is "wall of money" outside Germany looking to invest. US pansion funds have vast sums to put into EU private equity and the most natural avenue for investing in the EU is through UK venture capitalists, all of which have recently established subsidiaries in Germany and France, he says.

The competition among law firms active in the German private equity market looks set to intensity.

### Clarification on child allowance



automatically granted to persons fulfilling certain objective criteria, without any individual or discretionary assessment, and which is intended to meet family expenses constitutes both a family benefit and a social advantage for the purposes of European law, the European Court has ruled. Furthermore, a European Union member state is precluded from requiring nationals of other member states to produce a formal residence permit for the grant of such a benefit when its own nationals are only required to be resident in that member

For more than 30 years Maria Martinez Sala lived in Germany where she undertook a number of jobs at various intervals. She had been in receipt of social assistance since 1989. Until 1984 she obtained residence permits without interruption. Thereafter, she only obtained documents certifying that an extension to her residence permit had been applied for. A residence permit was issued to her in April 1994 and

was later subject to extension. in January 1993, when she did she applied for a child-raising allowance. Her application was rejected on the grounds that she did not have German nationality, a residence entitlement or residence permit.

In her appeal to the Higher Social Court of Bavaria, the court took the view that resolution of the matter depended on the interpretation of certain provisions of European law and thus referred the matter to the European Court Suttaul To

First, it wanted to know whether the child-raising allowance constituted a family benefit or social advantage granted to workers or their families under European law. Second, the court asked whether an EU national residing in another EU country where he or she is employed and subsequently receives social assistance has the status of a worker. Finally, it was asked whether European law precludes a member state from requiring

nationals of other member states to produce a formal residence permit in order to receive a childraising allowance.

plidays fail fo

As to the first question, the court noted that it had held in a previous judgment that the childchild-raising allowance raising allowance in question amounted to a family benefit. There was no reason to reconsider this earlier judgment. It also constituted a social advantage since it was granted to workers generally because of their objective status as workers or by virtue of the mere fact of their residence in the country. Its extension to migrant EU national workers was also likely to facilitate their mobility within the EU.

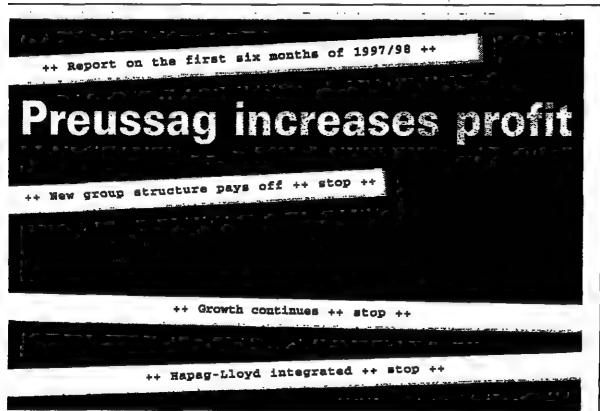
As to the second question, the court made a number of general observations as the referring court had not given sufficient details for there to be a definitive ruling on Mrs Martinez Sala's status as a worker. The court held that a worker was a person who, for a certain period of time, performed services for and under the direction of another person in return for remuneration. Once the employment relationship ceased, the person lost the status of worker but that status could continue to produce certain effects thereafter. Persons genuinely seeking work also could be considered as workers.

in reply to the third question, the court observed that for not possess a residence permit, nationals of other member states, ession of a residence permit was constitutive of the right to the child-raising allowance.

Since German nationals were not required to produce documents of that kind to establish their entitlement to the benefit this amounted to unequal treatment and discrimination prohibited by the EC Treaty. In addition, under the Maastricht treaty all nationals of EU members states were granted citizenship of the EU. This included the right not to suffer discrimination on the grounds of nationality within the personal scope of application of the EC Treaty. Such was the case where a member state delayed or refused to grant a beneffit to persons lawfully resident on its territory.

Case C-85/96 Maria Martinez Sala v Freistaat Bayern, judg ment of 12 May 1998, (ECJ (FC)

BRICK COURT CHAMBERS,



Proussag fored well in the first six months of 1997/98, Group turnove increased to DM12.3 billion. Profit before tax was DM635 million. This included an extraordinary profit of DM320 million from the sale of the steel activities. Group profit after tax reached DM402 million following DM159 million last year.

Capital expenditure reached DM 417 million, concentrating mainly on expansion of the growth areas. For the acquisition of Hapag-Lloyd DM2.8 billion were paid. Selling off the steel activities brought in DM1.06 billion.

| Preussag<br>in Figures |          | 1st Half Year<br>1997/98 | 1st Half Year<br>1996/97 | Change<br>in % |
|------------------------|----------|--------------------------|--------------------------|----------------|
| Group turnover         | DM mil.  | 12,344                   | 11,812                   | + 4.5          |
| Group profit after tax | DM mill, | 402                      | 159                      | + 152.8        |
| Capital expenditure    | DM mill, | 417                      | 413                      | + 1.0          |
| Personnel              | 31.3.    | 55,251                   | 54,842                   | - 14.8         |

As of 31st March 1998, Preussag had 55,251 employees. The decline of about 15% is due to changes in the

Under contin nomic conditions and due to the

earnings power of the growth areas and the new activities in logistics and tourism, we expect that the positive trend in profits on ordinary business will continue in the second half of the financial year.



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#### O'Reilly moves from Lihir Gold to Rio Tinto

Rio Tinto, the world's biggest mining group, has appointed John O'Reitly, 53, chief executive (gold and other minerals). As chief executive of Lihir Gold, the company part owned by Rio, he has been responsible for the development and commissioning of the Lihir gold mine in Papus New

He joined Rio as a technical consultant in the UK in 1987 after working for several mining companies in Africa and the Middle East. At the London headquarters of the Anglo-Australian group he will join Andrew Vickerman, another of the main drivers of the Lihir project in the early days as it secured funding and started production. Lihir is one of the world's biggest gold mines,

troy ounces of gold this year. Vickerman moved in October operation. to become Rio's head of O'Reilly, who is British,

eplaces John Collier, an Australian who is retiring after 38 years with Rio and a career that started in 1960 at the Broken Hill mines in Michael Merton, 47, who

joined the Lihir Gold agement team in January will take over as managing director of Lihir Management Company, based in PNG, effectively replacing O'Reilly. He previously held a number of senior financial and commercial positions at Rio, most recently as chief financial officer of the US Borax subsidiary in the States. Kenneth Gooding

succeeds the late lan Lindsay,

energy council Gerald Doucet; president and chief executive of the Canadian Gas Association, the voice of the Canadian natural gas industry, has been appointed secretary general of the World Energy Council. He

**Doucet to head** 

The World Energy Council, founded in 1923, is a non-governmental

### PEOPLE ON THE MOVE

spanning solar power to coal, with member committees in 91 countries reflecting a wide range of views within the energy sector on lesues such as climate change.

The council produces influential reports about the industry and every three years holds a congress. The council's next congress is scheduled to take place in September in Houston, Texas. Doucet, 54, had a career in

multi-energy organisation,

public service and economic affairs in Canada and overseas before he loined the Canadian Gas Council.

He has also represented the province of Ontario in Paris as agent general. Lisa Wood

#### Gampel joins card company

American Express is preparing to extend its corporate purchasing card, one of the astest-growing areas of financial services, into Europe after recruiting a new vice-president to head the

Laurent Gampel, 38, has just joined from informix. where he led development of the software company's smart card division.

Corporate purchasing cards, similar to debit cards, are used for small-value purchases and can cut overheads by as much as 80 per cent, according to American Express. They have been growing rapidly in the UK since Visa ploneered its system in 1994, but American Express, by focusing on large blue-chip companies such as Boots and the Post Office, says it has a third of the £500m turnover, However, It suffered a blow last year when a Visa consortium was given

exclusive rights to offer cards to government departments. Gampel, a Frenchman, will spearhead American Express's drive into Europe. His first task is to persuade

European tax authorities to accept card statements instead of VAT receipts, as the Inland Revenue does in "[We] are in a unique

position to offer a fully VAT capable system that is consistent throughout Europe," Gampel said. James Mackintosh

#### Fordham joins William Blair

John Fordham has left Alex. Brown, the US investment bank, for William Blair & Co in a move that may show history repeating itself. Alex. Brown turned to Fordham, 49, in 1993 when it wanted to build a European corporate advisory business. Five years later, William Blair & Co, a Chicago company with similar ambitions, has decided he is the man to lead

its European corporate finance team based in London. The goal of each bank was businesses on the back of a London-based US equities operations. But the Alex. Brown that Fordham joined was transformed in 1997 when it was taken over by Bankers Trust, it changed

again this year when British Telecommunications bought NatWest Securities. When less than a yeer previously, Fordham had 24 London colleagues, now he had 4,500. William Blatr's decision to expand in Europe was prompted in part by the akeovers last year of a whole tier of independent US banks. Like the old Alex. Brown,

Fordham's new emplover 🛎 aiming for middle market clients, building on its expertise in certain sectors, including medical technology, ousiness services and computer software. Main Builr, founded in 1935, is owned by its employees. Last yeer it advised on 26 completed deals worth \$3bn (£1.7bn) and raised another \$3bn for clients\_ through managed

Before joining Alex. Brown, Fordham was co-head of corporate finance at Lloyds Merchant Bank and head of mergers and acquisitions at Hilli Samuel. Clay Harris

#### Olds marks a first for DBS

Development Bank of Singapore, which is linked to the Singapore government. has appointed a foreigner as deputy chairman and chief executive officer, as well as to the DBS board of directors. John Olds, formerly of J.P.

Morgan, becomes the first Westerner to head one of the city state's main government-linked companies. Analysts interpreted the appointment as further proof of the government's resolve to

Olds could put a wester face to Singapore banking by increasing, for example, DBS' transparency and interactions With the media, analysis said. This would help prepare the Institution to assume a egional, and then global, presence. And it could lead other Singapore banks to do

The 54-veer-old was managing director of J.P. Morgan when he took early retirement at the end of last vear. He spent 25 years eading various businesses for Morgan Guaranty Trust, the bank's chief banking subsidiary. Shella McNulty, Singapore

#### Moving Places

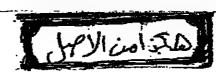
 DRESDNÉR KLEINWORT BENSON has appointed Richard Armstrong to its Hong Kong office as regional head of research. He joins from BZW. Geoffrey Barker Joins the office as head of Asian macro research. He joins from Schroder Securities (Asia). CITIBANK has announced that Fredrick Chapey Jr. has joined the company to head global derivatives and emerging capital market sales and trading. Previously, Chapsy, 39, was head of global derivatives and deputy head of international capital markets at Chase Manhattan

 OCEAN GROUP has appointed Raymond Dinkin chief executive of its international supply chain management company. MSAS. Most recently he was managing director of Fort James, a paper and peckeging group. Ian Smith is to become group commercial director. Smith built and managed a consulting ING BARINGS has promoted Richard Johnson to managing director, head of emerging markets fixed-income sales, for the

Americas region. He joined

ING Barings in 1994 from

Chase Manhattan



#### EQUITIES

### Holidays fail to hold back Europe

#### EUROPEAN OVERVIEW

European stock markets put aside the temptation to take the day off as a result of holiday closures in New York and London York and London and full pushed ahead to a fresh round of record highs.

erally low, however, and part of the upward progress was generated by futures-driven buying. The dollar, kets looked a fairly compel-cent, was close which ran close to a sevenyear high against the yen,

THREE MONTH BORD FUTURES (LIFTE) Equip points of 100%

OTHER INDICES

High

LOW 2821.0

Bond markets, too, were or 1.7 per cent ound of record highs.

Trading volumes were genorally low, however, and were broadly negative. And individual sec in the circumstances, the gain of 1.8 per

ling performance. The FTSE Eurotop 300 cent. was also firmly in support.

Asia provided an unpromon the day at 1,244.59 while looked to be ising springboard with most the Eurotop 100 index force behind the

insurance gai

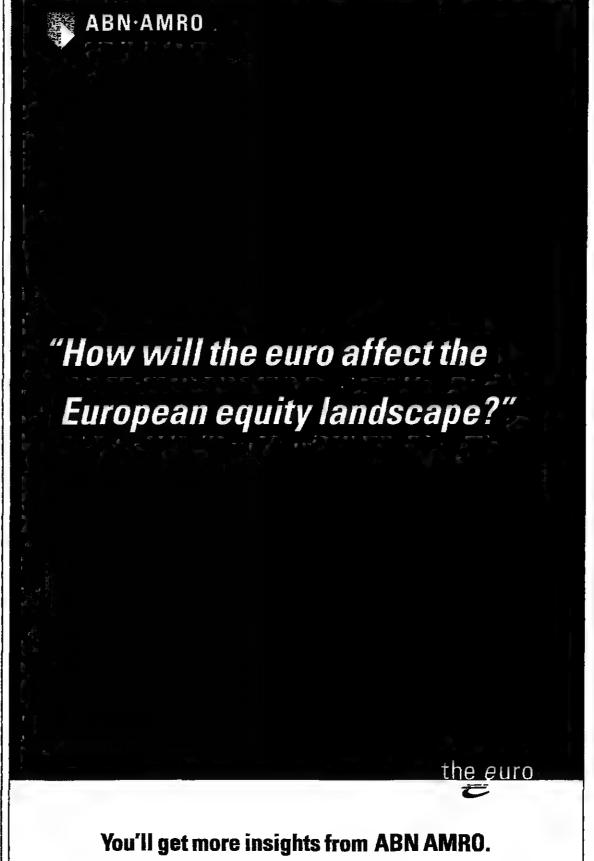
Engineering Paper, Polig & Printing

Transport Information Technology

regional stock markets mov-ing lower, led by Seoul of speed, adding 31.97 to 9.90 at Ecu 752.03 and where last week's dramatic 2,853.70, an advance of 1.1 Daimler-Benz rising Ecu 2.60

|          | og 31.9            |                                 |                  |                      |               | 03 and               | Czech Republic                 | CZK                | 36.394257                                      | +0.0895             | +0.25          | -0.0402            | -0.11          | 1.16   |                            |                                | <del>1.</del>                |   |                     |                                |                                   |
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| adv      | rance o            | и 1.1                           |                  |                      |               | Ecu 2.60<br>head of  | Denmark<br>Finland             | DKK<br>Film        | 7.614675<br>6.075362                           | 0.0041<br>0.0008    | -0.05          | +0.0021<br>+0.0005 | +0.03          | 1.14 V PV                                    | <u> </u>                   |                                | 4                            | <b>\</b>                                |                     |                                |                                   |
| C        | 100 is             | ndex,                           |                  |                      |               | ind the              | France<br>Sermany              | FRF<br>DEW         | 6.704027<br>1,998879                           | +0.0007             | +0.01<br>+0.00 | +0.0002            | -0.02          | 1.12   | 1                          | N                              | Щ                            | Alex-                                   |                     |                                | $\hookrightarrow$                 |
|          | comp               |                                 |                  |                      |               | f tomor-             | Greece                         | €25D               | 341.490247                                     | -1.6253             | -0.47          | -4.2545            | -1.23          | 1.10   |                            | -44                            |                              | •                                       | <u> </u>            |                                |                                   |
|          | under :<br>if Euro |                                 |                  | unnual i             |               | g.<br>as the         | Hungary<br>Indust              | HLF<br>EP          | 239.244509<br>0.794256                         | +0.7529<br>-0.0001  | -0.32          | +2.8478            | +1.20<br>+0.04 | 1.08   |                            | NY.                            |                              | <u> </u>                                | 11-                 | Wy !                           |                                   |
|          | . rose             |                                 |                  |                      |               | g 1 per              | žaly<br>Lucenbouro             | ITA.               | 1971 562965<br>41.211610                       | -0.3220<br>-0.0204  | +0.02<br>+0.05 | +0.5947<br>-0.0543 | +0.03          | 1.06   | U                          | •                              |                              |   |                     | V                              |                                   |
|          | 1,051.             |                                 |                  |                      |               | re in the            | Netherlands                    | MLG                | 2.252698                                       | +0.0000             | +0.00          | +0.0005            | +0.02          |  | •                          |                                |                              |   |                     |                                |                                   |
|          | ed the             | -                               |                  |                      |               | profit-              | Norway<br>Poland               | NOK<br>PLN         | 8.433025<br>3.866664                           | +0.0080<br>-0.0012  | +0.07          | +0.0240<br>+0.0188 | +0.29          | 1.04   |                            | 1997                           |                              |   |                     | 98                             | May                               |
|          | arts a             |                                 |                  |                      |               | t strong             | Portugal                       | PTE                | 204 751630                                     | +0.07(3)            | +0.03          | -0.1259            | -0.06          | Stages: FTSE Internet                        | Horal .                    |                                |                              |   |                     | -                              | ,                                 |
|          | ors wi             |                                 |                  |                      |               | Ecu 5.00<br>cline of | Pomania<br>Pussia              | RUB<br>RUB         | 9614.345658<br>8.983408                        | -51.0044<br>-0.0158 | -0.53<br>-0.23 | +0.0790            | +1.22          |  |                            |                                |                              |   |                     |                                |                                   |
|          | up 1.              |                                 | -                | han 10               |               |                      | Stovakia<br>Szain              | SKK                | 38.564837<br>169.795000                        | -0.0579<br>-0.0524  | -0.15<br>-0.03 | +0.2503            | +0.65          | EUROZONE                                     | E CUF                      | RENC                           | Y CO                         | NVER                                    | SENCE               | Ė                              |                                   |
|          | behind.            |                                 |                  |                      |               | ector to             | Sweden                         | SEK                | 8.731408                                       | -0.0144             | -0.17          | +0.D174            | rd.30          | Bilateral conversion                         | raties aga                 | ainst the D                    | -Mark                        |   |                     |                                |                                   |
| ain      | ed 1.6             | per                             |                  |                      |               | perfor-              | Switzerland<br>United Kingdom  | CHF                | 1.565883<br>0.894834                           | +0.0024             | +0.14<br>-0.20 | +0.0025            | +0.84          |  |                            |                                | Delf food                    | Week                                    | Toronto.            | Formuro                        | Delf lef                          |
|          | ^4                 | -oha                            |                  |                      |               | clearly              | BCU                            | ECU                | 1.015814                                       | -0.0007             | -0.07          | +0.0012            | +0.12          |  | 200                        |                                | vmkt%                        | 200 %                                   | rate                | M PA                           | rate v DEM                        |
|          | tor st<br>he dr    | OCKS                            |                  |                      |               | etter day            | American<br>Bazil              | BRL                | 1.303027                                       | -0.0068             | -0.52          | +0.0216            | ¥1.40          | Belglum 2                                    | .03552<br>0.6255           | 7 0367<br>20.6174              | +0.02                        | +0.02                                   | 7 0399<br>20.6204   | 3,77                           | +0.08<br>+0.02                    |
|          | lead s             |                                 |                  | vestmer              |               |                      | Canada<br>Mexico               | CAD                | 1 639502<br>9.762520                           | -0.0104<br>-0.0700  | -0.63<br>-0.71 | +0.0163<br>+0.2403 | +1.00          |  | 1.35386<br>1.04901         | 3.3539                         | +0.00                        | +0.03                                   | 3.3534<br>3.0415    |                                | +0.12                             |
|          |                    |                                 |                  |                      |               |                      | <b>Deled States</b>            | USD                | 1.131000                                       | -0.0063             | F0.56          | +0.0140            | +1.25          | ireland 0.4                                  | 402676                     | 0.3974                         | -1.31                        | -1.37                                   | 0.4021              | 5.74                           | -Y.99                             |
| ari      | es Sha             | re Inc                          | tices            | Ει                   | uropea        | n series             | Pacific/Middle Ex<br>Australia | esti Atrica<br>ALC | 1.809307                                       | +0.0102             | +0.57          | +0.0109            | +0.60          |  | 90.002<br>0.6255           | 995.3343<br>20.6174            | -0.37<br>-0.04               | -0 39<br>+0.10                          | 991.6819<br>20.6204 |                                | +0.91<br>+0.02                    |
|          |                    |                                 | outly and t      |                      |               |                      | Hang Kang                      | HKD                | 8.784324                                       | -5.0479             | -0.54          | +0.1075            | +1.21          | McChectancis 1                               | 12674                      | 1 127                          | +0.02                        | +0.01                                   | 1.1266              | 3.74                           | -0 01                             |
|          |                    |                                 |                  |                      |               |                      | Japan<br>Singapore             | JPY<br>SGD         | 1,55,102017<br>1,864957                        | +0.74=              | +0.48          | +3.0525<br>+0.0180 | +0.98          |  | 02.505<br>6.0722           | 102.4332<br>64 9451            | ~0.15                        | +0.00<br>0.15                           | 102,7036<br>85,1761 | 4.25                           | +0.44<br>+0.46                    |
|          | Epo                | Day's                           | change           | Yeld                 | nd ed         | Total com            | South Africa                   | ZAR                | 5.815548<br>This table over a fa               | +0.0271             | +0.47          | +0.1189            | +2.09          | Gengeny                                      | 1                          |                                | +0.00                        | +0.00                                   |                     | 1.75                           | +0.00                             |
| _        | index              | *                               | points           | pos %                | yte           | (Ecu)                | कोड धासाधंह, ट                 | alculated by       | applying GDP weigh                             | ata do Euro Tar     | compacies.     | The Euro will      | neck encist    | Statute. The WM Com-<br>exchange rates to 31 | 45847. Form<br>712/98 lets | d rates are i<br>spoketed from | bilisteral ras<br>m market s | tes agreed by<br>Subles, forwa          | rd interest i       | it forward st<br>sies are lies | ates are<br>on implied by         |
|          | 1244.59<br>2853.70 | +1.04<br>+1.13                  | +12.01<br>F31.07 | 1.93                 | 12.55         | 1267.56<br>1012.07   | broad currency web             | edion treeds       | hosti mi le pesi si<br>L Currency weigistry    | s es tollows: Di    | EM 0.3364,     | FRF 0.2217, II     | L Q 1423.      | these forward exchan                         |                            |                                |                              |   |                     |                                |                                   |
|          | 1051.97            | +1.72                           | +17.70           | 1.60                 | 5.45          | 1057.68              | MLG 0.0577, BEF (              | 1.0386. ESP        | 0.0848, EP 0.0116                              | , Pili W155, /      | ATS OURSEN,    | Had GLIDS?.        |                | calculated by interpol                       |                            |                                |                              |   |                     |                                |                                   |
| glen     | 6                  |                                 |                  |                      |               |                      |                                |                    |  |                     |                |                    |                |  |                            |                                |                              |   |                     |                                |                                   |
|          | 1319.80<br>1132.68 | +0.08                           | +0.86            | 2.50                 | 9.18<br>18.08 | 1325.70<br>1170.25   | BONDS                          |                    |  |                     |                |                    |                |  |                            |                                |                              |   |                     |                                |                                   |
|          | 11事化               | +0.48                           | +5.64            | 2.51                 | 14.73         | 1216.05              |                                |                    |  |                     |                |                    |                | FUNGTON                                      | 200                        | non.                           | TE D                         |   |                     |                                |                                   |
| _        | 1308,79<br>ctors   | +1.52                           | +19.57           | 1.51                 | 9.42          | 1322.18              |                                |                    |  |                     |                |                    |                | EUROZONI                                     | LUI                        | CURA                           | HE B                         | บทบอ                                    |                     | Rada N                         | in's formed                       |
| 3 60     | 100134             | +0.86                           | +10.06           | 2.66                 | 13.21         | 1081.60              | <b>Bond yield</b>              | CELVO              |  |                     |                |                    |                |  | Red                        |                                | 8 A P                        | 864                                     | 84                  | Day's M<br>chge ci<br>yki      | iin'n Spread<br>High Y<br>Yid Edu |
| _        | 911.39             | 10.00                           | +0.71            | 220                  | 0.00          | 317.29               | Par cent (May 2                | 25 1 <b>996)</b>   |  |                     |                |                    |                | Mig 16                                       | date                       | Coupos                         | Rolling                      | price                                   | yád                 | 140                            | yld Edu                           |
|          | 892.54             | 41.06                           | < ±0.27          | 2.66<br>2.29         | 6.22          | 998.83               | 8                              |                    |  | · ·                 |                |                    | _              | November Fungible<br> Littlew (Kleptom of    | : lanuar<br>) (3/0)        | 5 750                          | MA                           | 105.270                                 | 5.05                | -0.02 -0.                      | 1.06 +0.02                        |
| <u>-</u> | 1047.29            | +0.08                           | +0.81            | 1.80                 | 11.09         | 1047.29              |                                |                    |  |                     | -              |                    | _              | France (Rep of)                              | 04/00                      | 5,250                          | N/A                          | 102,130                                 | 4,97                | -0.01 -0.                      | 1.05 · -0 06                      |
| _        | 1241.65            | -1.02                           | -10.62           |                      | 0.00          | 1047.23              |                                |                    |  |                     |                |                    |                | italy (Rep of)<br>Pertugue (Rep of)          | 05/08<br>08/08             |                                |                              | 99.320<br>102.110                       |                     |                                | 0.12 ≠0.00g<br>0.00 +0.07         |
| 8        | 1063.59            | 4134                            | +14.33           | 2.44<br>2.44         | 0.00          | 1003.5               |                                |                    |  |                     |                |                    |                | Three issues                                 |                            |                                |                              | ,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,, |                     | -                              |                                   |
|          | 1035.77<br>1041.41 | ÷1.40<br>+1.35                  | +11.24<br>+13.67 | 2.14<br>1.82         | 12.98<br>4.24 | 1049.21<br>1045.78   | 9                              |                    |  |                     |                |                    | _              | Abbey Nati Treas Srv<br>Gen Seciric Cap Crp  | 02/03<br>10/04             |                                | AAA                          | 100.350<br>103.140                      |                     |                                | 011 +015<br>100 +014              |
| þ        | 1076.34            | 41.07                           | +11.42           | 1.89                 | 0.00          | 1076.34              | Ecu                            | _                  |  |                     |                |                    |                | Oest Kontrolibanik                           | 04/06                      | 5.250                          | AAA                          | 101.046                                 | 5.11                | -0 61 =0                       | 109 +0.08                         |
|          | 1052.73<br>1029.47 | +0.85                           | +8.84            | 2.19<br>2.26         | 1.02          | 1053.78<br>1029.47   |                                |                    |  |                     |                |                    |                | Cred Local de France                         | 04/00                      | 5.250                          | Me                           | 89.860                                  | 5.27                | -0.01 -0                       | 1.05 +0.24                        |
| _        | 1166.38            | +0.98                           | STAS             | 1.59                 | 9.85          | 3300.18              | '                              |                    |  |                     |                |                    | _              | East Jacons<br>Bayer Hypo & Wich Ex          | 07/0                       | 5 000                          | <b>1</b>                     | 101,150                                 | 4.59                | -0.02 +0                       | 104 +0 16                         |
|          | 1093.08            | +1.76                           | +16.89           | 0.40                 | 1.95          | 1095.12              | Gen                            | nsiny .            |  |                     |                |                    |                | Cred Foncier France<br>Euro Inv Bank         | 03/04                      |                                | AAA                          | 115.125<br>102.780                      |                     |                                | ).14 ±0.50<br>1.06 =0.08          |
|          | 1003.90            | 10.74                           | +7.38            | 2.29<br>1.55         | 1.86          | 1005.81              |                                |                    |  |                     |                |                    |                | ABA Amro Hidg. MV                            |                            |                                | <b>M</b> -                   | 107 170                                 |                     |                                | 1.10 +0.27                        |
|          | 1039.85<br>1063.40 | +1.03                           | +10.64<br>+5.71  | 1.16                 | 2.22<br>0.72  | 1042.01<br>1064.15   | 3 —                            | -                  | 4 2  | 10                  | 16 2           | 0 30               | <u> </u>       | Source: Interactive Or                       | ete/FT Ind                 | mailes I e-                    | den street                   | - Special Co                            | maris irra          | in part                        | in lies 'e'                       |
|          | 958.96<br>894.11   | +0.05                           | +0.74            | 2.37                 | 1.02          | 958.95<br>BMS.14     |                                |                    | Years to                                       |                     | 10 1           | . 30               |                | somerages and fungi                          | de jedo (ne                | i balg Ecopo la                | <b>1/1/99</b>                | : Euro invec                            | -                   |                                | comency, log                      |
|          | 870.08             | -0.13                           | -1.28            | 434                  | 0.00          | 970.08               | andre Ministry (               | MART HOTE          |  |                     |                |                    |                | books are bound in                           |                            |                                | BB 17/9                      | <b>.</b>                                |                     |                                |                                   |
|          | 1166.25            | +0.90                           | +10-57           | 1.88                 | 9.87          | 1205.78              |                                |                    |  |                     |                |                    |                |  |                            |                                |                              |   |                     |                                |                                   |
|          | 1044.91            | *1.04                           | 17.5             | 0.94                 | 2.70          | 1047,74              | COVERNIN                       | EMT                | BOND SPR                                       | FADS: 4             | rs FM          | 1                  |                | EUROZONE                                     | CRE                        | DIT S                          | PREA                         | ns w                                    | FCII                |                                |                                   |
|          | 991.93<br>1044.89  | +0.14                           | +1.43<br>+7.16   | 2.42<br>2.19         | 0.00<br>1.29  | 1046.00              | May 25                         | 2 1                |  | 7 ym                | 10 yrs         | 20 ym              | 30 yrs         | <b>当</b> 5                                   | SAP                        | Red                            |                              | Corrector                               |                     | 50000                          | Species                           |
|          | 1001,55            | +1.04                           | A10.30           | 2.01                 | 4.99          | 1005.70<br>1005.12   | "Ma"                           |                    |  | . ,                 | ,              | /                  |                |  | rating                     | date                           | Coupn                        | code                                    | 2000                |                                |                                   |
|          | 1033,12<br>(015,11 | +0.86                           | +8.79            | 215<br>1.85          | 2.31          | 1021.57              | Austria                        | -0.                |  | +0.00               | -0.01          | -0.00              | +0.01          | KFW<br>Errore Televis                        | AAA                        | 01/09                          | 5.000                        |   | -0.02               |                                | +0.11                             |
| •        | 967.25             | +0.0                            | -0.74            | 2.78                 | 4.91          | 962,18               | Belgium<br>Prisand             | -0.                | 12 10.04                                       | +0.05               | +0.03          | -0.01<br>-0.34     | +0.03          | France Telcom<br>Halfax                      | Mr.                        | 11/08<br>07/07                 | 6.250<br>5.625               | DEM                                     | +0.16<br>+0.21      | +0.14<br>+0.19                 | +0,31                             |
|          | 1038.15<br>1044.28 | +0.18<br>+0.54                  | +1.82<br>+5.62   | 1.20<br>2.45         | 4.59<br>0.59  | 1044.98              | Francis                        | -0.                | 21 -0.05                                       | -0.06               | -0.05          | -0.07              | -0.06          | ing Bank NV                                  | M-                         | 01/06<br>06/02                 | 5.500<br>8.750               | M,G                                     | +0.17               |                                | +0.30<br>+0.85                    |
| _        | 1062,10            | +1.95                           | +20.35           | 0.36                 | 2.23          | 1064.51              | Germany                        | -0.                | 24 -0.05                                       | -0.02<br>+0.14      | -0.12<br>+0.12 | -0.05<br>+0.07     | -0.07<br>-3.20 | Bayyar (Ayyaa W 61);<br>Ciroti Rossober      | Ar<br>K                    | 02/03                          | 7.250                        | DEM                                     | +0.34               | +0.34                          | +0.00                             |
|          | 1314.00            | +1.03                           | +13.34           | 3.29                 | 29.71         | 1354.33              | irelenci<br>italy              | +0.5               | 23 +0.23                                       | +0.20               | +0.18          | +0.18              | +6.15          | विकास इस्स्य किला है जि                      | A-<br>BBB+                 | 03/04                          | 6.375<br>6.250               | FRF                                     | +0.32               | +0.31                          | +0.50<br>+0.57                    |
|          | 999.60             | +1.14                           | +11,30           | 141                  | 0.00          | 998.80               | Luxembourg<br>Netherlande      | -0.°               | 12 +0.04                                       | +0.05<br>-0.04      | +0.03<br>-0.07 | -0.01<br>-0.07     | ÷3.03<br>−0.06 | Bank of China                                | 686                        | 07/98                          | 7.125                        | DEM                                     | +0.63               | +0.77                          | +0.62                             |
|          | 1024.50<br>967.08  | +1.21<br>+0.06                  | +12.21<br>+0.75  | 7.7 <b>8</b><br>5.17 | 89.72<br>0.06 | 1117.70<br>967.08    | Portugal                       | -0.0               | 01 40.00                                       | +0.10               | 40.0           | +0.29              | +4.39          | Nett Bl. of Hungary<br>Korea Dev Bank        | 888-<br>5+                 | 08/01<br>11/02                 | 9.000<br>5.625               | ATT                                     | +0.64               | +0.67                          | +1.38<br>+4.72                    |
|          | 1379,81            | +1.07                           | +14.67           | 1.87                 | 18.09         | 1404.57              | COUTS"                         | -0,1               | 08 +0.06                                       | +0.12               | +0.08          | +0.16              | +0.33          | Source: Interactive D                        | eseff into                 | raspine. Ta                    | oli skom                     | yarki spress                            | n to the i          | al ame to                      |                                   |
|          | 1009.65            | +0.90                           | +8.95            | 2.07                 | 6.81          | 1009.33              | Denmark                        | +0.                | 34 +0.31                                       | +0.356              | +0.19          | +0.07              | +0.21          | broady representative                        | e credit is                | esch nithig                    | beed don                     | contrated in                            | Euro "to"           | umerité.                       | _                                 |
|          | 1004.82            | 11.48                           | +14.50           | 1.31                 | 3.23<br>3.19  | 1007.81<br>1086.57   | Sweden                         | +5.                |  | +1.35<br>+0.20      | +2.66          | +2.32              | +2.14<br>-0.12 |  |                            |                                |                              |   |                     |                                |                                   |
|          | 1083,14<br>1026,60 | +1, <b>57</b><br>+1, <b>5</b> 0 | +15.19           | 2.09<br>1.82         | 8.00          | 1096.37<br>1092.75   | UK                             | +2.                |  | +1.13               | +0.76          | +0.41              | +9.10          |  |                            |                                |                              |   |                     |                                |                                   |
|          | 1129.49            | -0.76                           | -8.90            | 1.95<br>2.88         | 0.00          | 1129.49              |                                |                    | rention. Table takes a<br>compares to like com |                     |                |                    |                |  |                            |                                |                              |   |                     |                                |                                   |
|          | 018.10             | +0.08                           | +0.71            |                      | 0.00          | 918.19               | ·                              | tent die i         |  | THE RESERVE TO      | an (47 T       |                    | -              |  |                            |                                |                              |   |                     |                                |                                   |
|          |                    |                                 | Desired (        |                      |               |                      |                                |                    |  |                     |                |                    | -              |  |                            |                                |                              |   |                     |                                |                                   |

| DJ SIDO 80   |  | - 1               | 4 3  | 379.0  |                                  |  | 9/4.31                                  | 331                  | _  | SH O'V                            | •   | Licharia  | _  |  | 140.10   |   |                | THAT   | -00                            | V-4A   | _                                    | 9194.11  |                      |
|--|--|-------------------|--|--|----------------------------------|--|---|----------------------|--|-----------------------------------|---|---|--|--|--|---|----------------|--|--------------------------------|--|--------------------------------------|--|----------------------|
| DJ Euro Str 6<br>SISCI Europa  | O .  |                   |  | 71.3<br>27.51  | )<br>128                         |  | 466.81<br>201.50                        | 3371<br>1248         |  | 310.78<br>510.78                  |   | Torbit an ani   |  | ***                                    | المسال<br>الما أن  | order &                                       | OF             | ill provident (il<br>lecture and like  | Paracial                       |  | =                                    | VE.  |                      |
| Source Buildy  | ect of PT                                  | <b>Married</b>    | ion. 3   |  | to m                             | ndaigu myst digt. (t)  |   | letin,               |  |                                   |   | Total as right<br>as coupled by F   | forci.   | -                                      | -  | =   |                |  | Militaria E                    |  | 12 De                                | 10   | -                    |
|  |  |                   |  |  |                                  |  |   |                      |  |                                   |   | and constant of   |  | _                                      |  |   |                |  |                                |  |                                      |  |                      |
|  |  |                   |  |  |                                  |  |   |                      |  |                                   |   |   |  |  |  |   |                |  |                                |  |                                      |  |                      |
| FTSE   | EURO                                       | TO                | <b>5</b> 3   | 00   |                                  |  |   |                      |  |                                   |   |   |  |  |  |   |                |  |                                |  |                                      |  |                      |
| ( ( OL   | LUIT                                       | <i>3</i> 1 U:     | J  | υQ   |                                  |  |   |                      |  | -                                 |   |   |  |  |  |   |                |  |                                |  |                                      |  | -                    |
|  | Prince                                     | Chaps  <br>+ 67*  | -  | 100  |                                  |  | May                                     | 19g (<br>19g - 1     | N.   | 10                                |   |   | Princ  | tipe it<br>exe il                      | H-m  | Wel.  |                | _  | Men                            | Opp H  | K.                                   | ₩.   |                      |
|  |  | +67-              |  | Ħ  | THE                              |  | -                                       | +44- 1               |  |                                   | W   |   | 1  | +#-                                    |  |   | 71             | _  | -                              | +#- =  |                                      | _  | _                    |
| ALCOHOLIG !  | ing lang dis                               | <b>23</b>         |  |  |                                  | Distribution   | :                                       |                      |  |                                   |   | BOUSEHOLD (   | 1000s  | TEXT                                   | LES  |   |                | PARKE  | MG/LS                          |  |                                      |  |                      |
| Aller 3-0000   | 9.82                                       |                   | 84   |  | 48                               | Aglaton Status<br>Elec Compo   | 198.47                                  | -4.2                 | 7,5  | 14                                | 25  | Behrndorf   | 143  | e.ii                                   | 44   | 8.1<br>0.2                                    | 4              | Accor A  | 18.87                          | 4.4<br>E.[+  | 309                                  | 2.5  | Ų                    |
| Professor &  | 90 73<br>44.66                             | +10<br>+6         | 21<br>17   | 114  | 64<br>64                         | Elec Comps   | 12                                      | *1                   | 7,8<br>3,7<br>2,4  | 22                                | F.  | Chatelan IX<br>Electrolet 8   | 世典   | +2                                     | M  | 발   |                | Elf Sandi<br>Marriella   | 107.49<br>26.10                | -  | 114                                  | 19   | 23                   |
| Carletony ii<br>Degra<br>Valentinii<br>Livini  | 14.74                                      | 43                | 38.4<br>11.5   |  | 35                               |  |   |                      |  |                                   |   | Rented<br>Pitensi<br>Percket & C  |  | +12<br>214                             | 244  |   |                | filmer Tilliamer<br>Houselfas SI<br>House Houselfas<br>History Providen  | 1,821,55                       | -36.2<br>+2.5  | 1054<br>85                           | 12   | 10                   |
|  | 34.13<br>391.17                            | +1.7              | 17.8   | и  | ü                                | nnersine) i  | n de la                                 | NALS                 |  |                                   |   | Pecker & C  | 17.78<br>787.14  | 4                                      | 7/2  |   |                | Misse Pusing   | 140年<br>和馬<br>以277             | 425<br>430<br>431<br>431<br>431<br>431<br>431<br>431<br>431<br>431<br>431<br>431 | 18.3                                 | 113  | 1.0                  |
|  |  |                   |  |  |                                  |  | 186.77                                  | +82                  |  | 44                                | 12  | 5001 A  | 160  | +3                                     | 2.5  | 0.1<br>0.2                                    | 0.7            | Substing   | 10.21                          | -4   | 1054<br>95<br>183<br>73<br>965<br>74 | 84   | 12                   |
| AUTOMOBILE   | 3  |                   |  |  |                                  | income A<br>investor B   | 827<br>925                              | +1.8<br>+ 8          | 6.7<br>6.9   | 07<br>02<br>02<br>362<br>11<br>09 |   | RECRUMENTED   | TECH   | CLOSY                                  |  |   |                | Roose Held &<br>Bulering<br>Soull Roos<br>Synthetists<br>Jacobs  | 146.00                         | +4.8   | 74                                   | 20<br>11<br>11<br>11<br>11<br>11<br>11<br>11<br>11<br>11<br>11<br>11<br>11<br>11 | ŭ                    |
|  | 914.87<br>198.44                           | +4.6<br>+2.1      | 312  | 63   | u                                | Immeleo A  | 150 BD                                  | - 48                 | 41   | 02                                | Η   |   | 121,73   |  | 13   | 18  | м              |  | 40.00                          | •  | 25.1                                 | •  |                      |
|  | 4.34                                       | _                 |  | 11日本におり  | # 15 to 15 to 20                 | ENE<br>Vide Pol  | 132<br>44.55<br>34.05<br>34.05<br>34.75 | 42<br>42<br>43       | 14<br>14<br>74<br>23   | 14                                | u   | Cap Questel S<br>SAF (Freq)   | 2027   | +12.8                                  | 12<br>122  | 4   | 83             | PROPERTY   |                                |  |                                      |  |                      |
| Recot.   | 45.27<br>762.65                            | 41                | 114  | 31   | ij.                              | Stand-Lynn die<br>Textidest<br>Volks   | 519                                     | +4                   | 262<br>61  | 1                                 | u   | MICE ANGE   | '  |  |  |   |                | Br Land  | 10.29                          |  | 13                                   |  | 15                   |
| Selle<br>Beinige Betty<br>Piet<br>Progest<br>Nemock<br>Vellerschies<br>Veller A<br>Veles B   | 30 10                                      | - 14              | 4.0  | 0.0  |                                  | Volume   | 12.05                                   | 61                   | 30.6   | 1.9                               | 4   | Am .  | 197.03   | +5.8                                   | 34   | ш   | 14             | Land Sec<br>MEPC   | 14.86                          | :  | 13<br>10<br>10                       | :  | ii<br>ii             |
| Admin P  | 22.09                                      | • 4               | LS.  | 19.0   | 17                               |  |   |                      |  |                                   |   | Anches Web (<br>Allhos  | 102.96<br>301.73   | -14                                    | 14<br>141<br>145<br>44   | 2.5   | U              |  |                                |  |                                      |  |                      |
| BANKS PATA   | n  |                   |  |  |                                  | ELECTRICITY  |   |                      |  |                                   |   | jier<br>Batain filig<br>Como Lisio  | (1.00)<br>11 101,3   | +42<br>142                             | 9.6<br>4.6   | 14<br>61                                      | 14             | 难从略,   | FOOD                           |  |                                      |  |                      |
| All tors   | 23.45                                      | -1                | 23.1   | <b>EA1</b>   | 14                               | diffeen<br>Bestrakel   |   | *4<br>[]*            | 11.<br>11.0<br>20.0<br>20.0  | 10.6<br>10.6<br>10.1              | 11<br>21<br>11  | Forth All   | 16.73<br>182.67  | :                                      | 11.5   | u   |                | Amin<br>Minist<br>Cassalado"   | 277<br>30.00                   | :  | 83                                   | 74   | L?                   |
| Albert Hall<br>Albed brisis  | 15.03                                      |                   | 225  | :  | 15                               | Eschen<br>Bonkyld  | 22.71<br>14.84                          | *7                   | 14.4   | 25.1                              | 2.3   | Box Ats<br>Geografi   | 21.04<br>15.00   | +10                                    | 10.2<br>38.5   | أنه   | 2              | Cassietr   | 912.75<br>11.55                | 41<br>44<br>484  | 2L1                                  |  | ü                    |
| Alexandr<br>Augustacia   | 71.76                                      | 41<br>41          | - 57   | 14   | 1                                | Nati End   | 14.00<br>5.00<br>8.10                   | -                    | 7.8  |                                   | 19<br>12  | GRE   | 5.85<br>12.67  | -14                                    |  | 207   | 10             | Promodel.  | COLUMN TO SERVICE              | -81  | いっている                                | ŭ,   | <u> </u>             |
| March Comm   | 1.00                                       | +.1               | ないのなり  | 1954   | ü                                | -  | 11 16                                   | :                    | 79   |                                   | 4.8   | March Issal.  | は単   | 427<br>427                             |  | 102 I   | 4              | Costas<br>Promodell<br>Salmony<br>Salmony<br>Times   | 6.74<br>7.20                   | :  | 114                                  |  |                      |
| Description of the Parket Indiana Indi | YLST<br>YLST<br>71.20<br>LSS<br>LSS<br>LSS | W.                | ű  | 82   | 32233                            | Sustien B  | 7#<br>7#<br>237                         | +4                   | 12   |                                   | 48  | ing<br>Jüşendi Rocal,<br>dan<br>Royal San Al<br>Bayala Balgu<br>Sanatin   | 10.01  | -484                                   | 184<br>14<br>7.4   | 8.7   | ü              |  | 8,17                           | •  | 180                                  | •  | -                    |
| Dates of Rose<br>Speca (Silbor   | 4.44                                       | 41.2              | 120  | 11 12 12 12 12 12 12 12 12 12 12 12 12 1   | ú                                | 10.7   |   | -11                  | 15<br>18<br>48<br>181<br>41  | &1<br>&7                          | 10<br>10<br>10  | Streets   | 14.37  | -1<br>+758                             | 7.A<br>29.6  | 35  | 0.5<br>1.3     | 10世紀   |                                | L  |                                      |  |                      |
| Trace (Report<br>Manco Popula<br>Natice System   | 78.78<br>78.48                             | 42                | 10.0<br>0.7<br>0.7   | 17   | 255                              | NAME OF THE OWNER, THE | 24.74                                   | 14.5                 | 4,1  | •                                 |   | Design For 11<br>The course of the course of th | 100 Ag   | +88                                    | 26.0   | 13  | iğ             | Buck   | ш.                             |  | 125                                  | - 1  | u                    |
| والمدار باسيال   | 44.41                                      | 24222             | 49<br>49<br>23   | 16.1<br>6.6<br>6.2   | 1.1<br>1.2<br>1.9                | ELECTRONIC &   | S. H                                    | Nical 1              | 11.  |                                   |   | uvesinen.   | COMPA  | 15.                                    |  |   |                | Discour.   | 2.83<br>12.86                  |  | 77                                   | :  |                      |
| ĝa Augusto P<br>Hamb ef Iral<br>Bash Scot  | 82.87<br>17.84                             | -3                | 132  |  | 17                               | ABBA   | 16 16                                   |                      | 142  | 11.6                              | 18  | 3 000   | 9.47<br>165.74   |  | 5.0  |   | 1.8            | GLS<br>H & M B<br>Exclusion  | 12.55<br>52.60<br>15.60        | 4.6  | 10.0                                 | 1.5  | 12                   |
|  | 10.78<br>76.38                             | +14               | 17,0   | 4  | 14                               | JABS-891 1,  | 529.12<br>196.97                        | 46.6<br>46.8<br>46.8 | 14,1   | 27                                | 49  | EST.<br>Second Bails  | 185.74<br>186.88   | 44                                     | 14   | N :   |                | Register  Nation & S  Mater & M  | 8.50                           | *4   | 70<br>27<br>161                      | u i  | ij                   |
| Backeys<br>Bay Bylor Dan<br>Bay Yusakush<br>Communichasilk   | 14 78<br>57.00                             | 61                | 10° E  | 8  | 1.3                              | Extensión B  | 78.24                                   | -96.4                | 61.1<br>20.8   | 45.0                              | 0.5<br>13   | I manner a les  | erc 0  |  |  |   |                | Med<br>Pleaselt Print  | 7.89<br>T49.44                 | +19.2  | 3.0                                  | M I  | 200                  |
| Bay Version<br>Communication   | 77.32<br>36.67                             | 2424              | 16.0   | 45<br>10<br>18<br>22<br>23<br>24<br>25<br>25<br>25<br>25<br>25<br>25<br>25<br>25<br>25<br>25<br>25<br>25<br>25 | 14<br>21                         | Lagardore  | 32.25                                   | 44                   | 4.5  | 14                                | 111111111111111111111111111111111111111                     | LESCRE & KO   | 34.6   |  |  |   |                |  |                                |  |                                      |  | _                    |
| CS Group (Pil  | 72.5t<br>307 6-                            | -11               | 621  | 1.0  | 13                               | Logrand  | 637<br>17.58<br>80.08                   | 427                  | 20.0   | 11 11 11 11                       | ŭ   | Jeper<br>Quando<br>Ladrojo<br>Rad. Godj   | 18.13  | **                                     | 14.E<br>68   | 4.5   | 4              | EPPOOR AS  | MAR                            |  |                                      |  | - 1                  |
| Coodito Ital.<br>Cansia Rast.  | 5.30<br>113.78                             | -1                | 15.2   | 2 <b>85.3</b><br>1.9   | 21                               | Noth &   | 81,05<br>84,72                          | - 13                 | 1.5  | 16                                | 19  | Part God  | 6.23<br>6.23   | :                                      | 45   | : ;   | ü              | Adento (M)   | 396.01<br>18.10                | -, h   | ü                                    | 01   | ų.                   |
| Toutiche Non<br>Deutsche Ren   | 80.20<br>82.48                             | *4                | 14.6<br>16.9<br>12.1<br>18.2<br>18.2<br>18.2<br>18.2<br>18.2<br>18.2<br>18.2 | 19<br>19<br>19<br>15   |                                  | Lagurinis<br>Lagurinis<br>Lagurini<br>Malin A<br>Halin A<br>Philips<br>Schmiller<br>Signors  | 31.50<br>71.50<br>17.62                 | setttēt.             | 45<br>35<br>35<br>15<br>15<br>15   | 15                                | 12  | LIFE DESIRAN  | F  |  |  |   |                | Player<br>Region A   | 1027                           | +7.2   | 12                                   | 61 i   | 11                   |
| ForeaucySpa<br>Gan Malegoo<br>HSBC (750)   | 79.00                                      | 44                |  | 35   | 2.4                              |  |   | ***                  |  | ***                               | _   |   | 00.00  | -86.6                                  | 44   | 1145  | 12             | Redio B<br>Resido Id   | 182.71<br>8.30                 | -2   | 3.5<br>18.0                          | -  | 15<br>19<br>14       |
| HSBC (75p)<br>HSBC (HB\$10)  | 573,77<br>34.36                            | -:                | 21 3<br>41 8   | 44   | 40                               | THE SHEET SHEET  |   |                      |  |                                   |   | Anger<br>Athenes for  | 12.25<br>2.93  | +1                                     | 11.7 1<br>12.5   | 15 (  | 12<br>67<br>12 | The same of the sa | 44                             |  |                                      | •  | -                    |
| Maria Stra   | 12 31<br>854.67                            | -d                | 30.7<br>8,2  | 0.2  | 2.5<br>1.3                       | Alla Capco A   | 28.28                                   | +5                   | 1.5<br>1.7   | 1.2                               | U   | Legal & One<br>Projection   | 10.14  |  | 129  | - 1   | 감              | TELECONOMIS  | CALL                           |  |                                      |  |                      |
| Cloyds TSB<br>Cloyds TSB   | 12.00                                      |                   | 70.7   |  | 24                               | Arts Copen III   | 300<br>28.18                            | +5                   | 1,7<br>10,0  |                                   | 1.0<br>4.0  |   |  |  | _  |   | _              | Ø  | 9.45                           |  | 10.6                                 | - ;  | עו                   |
| Marity A<br>Nel West   | 9.96<br>16.35                              | -                 | 45<br>28.1<br>61<br>15.7   | 15.7<br>14.8   | 24<br>88<br>28<br>36<br>27       | 8- Steel   | 235                                     | +4.6                 | 100<br>47<br>52<br>53<br>53<br>67  |                                   | 20<br>15<br>15  | MEDIA   |  |  |  |   |                | Cable & W<br>Deutscho Tak  | 10.33<br>24.75<br>12.91        | -4   | 215<br>123<br>224                    |  | 17<br>25<br>19<br>17 |
| The State of the   | E 40                                       | 1.4               | 81   | 36.4   | 27                               |  | 13.52                                   | 42.6                 | 9.6<br>5.6   | 41                                | 15  | 1 Sq 1<br>Card Pho  | 632<br>171   | فه                                     | 10.0<br>1.4  | 1.5   | 17             | France Tolat<br>194  | 1                              | -1<br>-2<br>42   | 12.3<br>24.4                         | 54 1<br>55 1   |                      |
| Parling A<br>line Land<br>Ayl Ba Sod   | 23.41<br>15.75                             | -3                | 182  | 3.6  | 1.3                              |  | 4.02                                    | +25                  | 6.4  | 41                                | 28<br>18  | Caston C<br>EAR   | 7.55<br>7.63   | :                                      | 46   | :   | L1<br>11       | Ouzage<br>Tale Dannersk  | 6.44<br>81.59                  | .2   | 7.7<br>5.2                           |  | 25                   |
| San Pacto<br>S-E-Ranten A<br>Sec Garantin  | 14.39<br>16.35                             | 4.3<br>-1         | 12A<br>92  | 14.4   | 21                               | Mariana<br>Mariana<br>Michalla S   | 903.63<br>95.71                         | +7.5                 | 25.5<br>7.5  | <b>82</b><br>21                   | 1.5<br>1.8  | Elector<br>Turvist  | 14.81<br>18.44<br>8.14<br>15.53                              | +.3<br>-83                             | 73   | 427 1<br>13 1                                 | LI<br>LI       | Talacem Mai<br>Till  | 7.05<br>E.67                   | 42<br>42   | 445 1<br>621 1<br>441<br>234         | 17.9   | 4                    |
| Sin Committe<br>Sin Committe<br>Should (Sold)  | 198.29<br>11.57                            | +3.9              | 18.1<br>11.5   | 10<br>17   | 27<br>24<br>21<br>27<br>29<br>19 | Positi Spo<br>Proposition  | 327<br>1644                             | +6.1                 | i.   |                                   | u   | Hedister<br>Fessen  | 16.53  |  | 80   | 14.0  | 5              | Talaces Rd<br>Till<br>Tulcioles<br>Tulcioles<br>Vecidors   | 49.02                          | **   | 44.1<br>23.4                         | 40   | 12                   |
| Ser Hondesto<br>Ser Hondesto<br>Seros (Jares   | 39.33<br>337 43                            | -1<br>-8          | 93<br>362  | 26<br>18   | 19                               | Positi Spo<br>Proposition<br>Supplier A<br>Stantin, A  | 57<br>37<br>37<br>37<br>22<br>23        | 41777                | 75<br>54<br>11<br>75<br>21<br>23<br>112  | 25<br>25<br>25<br>13<br>14<br>17  | 19 19 29 27 19 27 19 22 22 22 22 22 22 22 22 22 22 22 22 22 | Elector Threte Medical Typeson Polygram Read let Recison Ud House   | 56.80<br>8.49<br>18.21                                       | 42                                     | 17 72 12 12 12 12 14 15 14 14 14 14 14 14 14 14 14 14 14 14 14 | 13 1  | 11             |  |                                |  |                                      |  |                      |
| (James Barrier)  | 1,585.12                                   | +17               | 132  | 0.5  | 1.9                              | 3600   | 2133<br>2235<br>1454                    |                      | 112  | 17                                | 10  | tid Hors  | 12.45  | :                                      | 82   |   | 23<br>28<br>86 | TOURCE   |                                |  |                                      |  |                      |
|  |  |                   |  | _  |                                  | Seattle lad  | 9.05                                    | :                    | 45<br>43   | :                                 | 22<br>24  | MP<br>William Elect   | 196.05   | -35                                    | 27   | 24  | LT             | BAT hade<br>Gallader   | 8.27<br>448                    | :  | 259<br>21                            | - 3  | 8                    |
|  |  | SZIM              |  |  |                                  | Districts CSF  | 34.16<br>130.67                         | +34                  | 13<br>23<br>24<br>25   | 1.7<br>0.3<br>12.3                | 22  | OIL, EXPLORE  | THE  | 770.000                                | 40.  |   |                | Imported Tob<br>Richestenii A  | 8.67<br>1.299 68               | -147   | 31<br>35<br>68                       |  | 1                    |
| State<br>Company   | 15.56<br>18.54                             | :                 | 62<br>79   | :  | 33<br>86<br>17<br>13             | Thymps<br>Spinss<br>Trig<br>Trigs  | 15.96<br>07.16                          | 429<br>419<br>424    | 33   | 123<br>62<br>65                   | ŭ   | Esterplin<br>Cantill  | LS2<br>422   |  | 42   | : 3   | y<br>M         |  |                                |  |                                      |  | - 1                  |
| Sapi & Man<br>Marketsi   | 17.75                                      | :                 | 7.9  | :  | 13                               | Tales  | ##                                      | 4.8                  | <b>£3</b>  | as .                              | 2,9   |   | 422  |  | 41   | - 6   | 15             | THANKSHIT  |                                |  |                                      |  | - [                  |
|  |  |                   |  |  |                                  | EXTRACTIVE IN  | NISTE                                   | 238                  |  |                                   |   | OIL, PATEGRAI   |  |  |  |   |                | Acorto<br>BAA  | 14.80<br>9.91<br>8.812.25      | +3   | 25<br>105                            | 38 3   | 4 1                  |
| ROLLOWS AN   |  | 2 MO              |  |  |                                  |  | 235                                     | <del>-</del> .       | 5.0  |                                   | -   | Derwijk Calif   | 13.34<br>38.31   | :                                      | 77.6<br>25   | : 3   |                | DIS 1972 B   | 8.812.25<br>12.536.54<br>22.85 | -125.4<br>-122.0   | 19 77 88                             | _: {   | 11                   |
| Res Circos<br>Circi  | 566<br>1248                                | -1                | 43<br>M  | -  | 38<br>1.1                        | Pier State   | 11.85                                   | -                    | 128  | - :                               | 25  | Speiraffen<br>Eaf   | 132.61<br>LE1  | 56<br>61                               | 35   | 61 2<br>667 2                                 |                | Ludinaren<br>P & Q<br>Rudinaria  | 1265                           | -2   | 6.D                                  |  | 7                    |
| <sup>†</sup> leson<br>Heldelle Zop   | 541<br><b>20.05</b>                        |                   | 35<br>38   | 82   | 1.9                              | POCO PRODUCE   | -                                       |                      |  |                                   |   | dersk Hydro<br>Diet   | -  | -5<br>-33                              | 48   | 20  | 21<br>L4       | Pgallicites.   | 1799                           |  | 91                                   | - 3  | 3                    |
| Malderbank B<br>Ladama   | 1 174                                      | •27<br>•143<br>•8 | 13<br>34<br>60<br>12<br>44   | 14   | 40<br>10<br>10<br>19<br>24       |  | & 15                                    |                      | 73   |                                   | 23  |   | 72.0<br>71.0<br>71.0<br>71.0<br>71.0<br>71.0<br>71.0<br>71.0 | *13<br>*13<br>*13<br>*14<br>*15<br>*15 | 23 1<br>44<br>33<br>45<br>45<br>116<br>63<br>84                | 16.7 1<br>2.9 1<br>16.4 1<br>16.4 1<br>16.5 1 | 1.7            | WATER  |                                |  |                                      |  | ĺ                    |
| rysu.<br>Saint Bahata  | 15 98<br>174,75                            | +8.1              | 111  | 14   | 1.0                              | A II Footh<br>Cadouty Scho<br>Chrisco  | 13.62<br>17.55                          | •3                   | 13.0<br>3.4  | n.                                | 1.9   | Reposi<br>Ingal Enteh<br>Shell Toron<br>Elf Applicable  | 9.55   | 4.9                                    | 118.5<br>65.2  | 184 S   | LZ .           | Anglas Wy<br>Seren Treat   | 12.57                          |  | 34                                   | ٠,   | ۱ ۽                  |
| Halacity   | 628  |                   | 36   | •  | 34                               | Damana<br>Calabaria R.S.   | 16.74<br>16.20                          | +45                  | 173  | 23<br>85<br>84                    | 1.9<br>1.2<br>1.1<br>2.7<br>1.1                             | Elf Aquillait<br>Tabel B  | 114.31   | +21<br>+21                             | 35.4<br>27.8   | 26 1<br>23 1                                  | LB<br>12       | Tested Title   | 1723                           | :  | 34<br>48<br>54                       | : :  | 15                   |
| CHEMICALS  |  |                   |  |  |                                  | March 9 1.   | 71,71<br>21,05                          | 45<br>42<br>41<br>41 | 77.3<br>43<br>43<br>43<br>43<br>43<br>43<br>43<br>43<br>43<br>43<br>43<br>43<br>43 | 11                                | 1.1<br>0.3  | OTHER FRANK   | 244  |  |  |   |                |  | 12.08                          | -  | 6.5                                  | ٠,   | ۱ "                  |
| ALL Y  | 14.31                                      |                   | 10   | 82   | 24                               | Spinste<br>Tate 2 L  | 7.51                                    | -22                  | 53<br>33   | <b>67</b>                         | 03<br>90<br>34<br>14<br>16                                  |   | 9.56   |  | B  | - 1   | LD             | Notes<br>Price date and  | Sayled :                       | اسلان  | ions s                               | epiled   | <u>, i</u>           |
| AGA d<br>Air Uggida  | 131.33                                     | - 1               | 15   | 10   | 24<br>25<br>13                   | Callerer RV<br>United  | 73.76<br>994                            | 425                  | 224<br>224   | -                                 | LA<br>1.6   | CLF Couts<br>Deads  |  | 153                                    | 25   | 24 1  | L              | FISE Internati<br>are based on   | oral, jane                     | اجد عبدا   |                                      | a Dgur   | ₩ !                  |
| Algo<br>BASF   | 1 <u>02.23</u><br>41.12                    | .23<br>.23<br>1   | 13.7   | 뱒  | 28                               |  |   |                      |  |                                   |   | Tell<br>Proto Pagel   | 75.83<br>14.81   | +2                                     | # ·  | <b>15.7</b> 2                                 |                | Status are no  | t countrel                     | where it   | raign s                              | men!   | ÷ [                  |
| EOC  | 14.25                                      | 45                | 7.0<br>7.0   | 15<br>11<br>15<br>10   | 25<br>23                         | GAS DISTRIBUT  | ical                                    |                      |  |                                   |   | Ednag   | 25.02  |  | 79   | : 1   | 10             | restrictions appointed to the second section of the section of th | el allebie                     | es consil  |                                      | Sucia  | <b>b</b> i           |
| Dayer<br>Can Spec (1)<br>Hosekel   | 121.25                                     | -31               | 93<br>93<br>239<br>177   | 16   | 1.5                              | 86   | 584                                     | -                    | 19.9   | - 1                               | 29  | PAPER PACKA   | enic 2   |  | NG.  |   |                | hold type and<br>Volumes and   | domiciled<br>statis dec        | je Educio<br>Rođi troci  | designati<br>Hogel                   | i. Tradi<br>domin  | 2                    |
| Recount<br>II)<br>School   | 17 60                                      |                   | 177  | -  | 27                               | Contrict<br>See States   |   | +27                  | 8.5<br>9.5   | 24                                | B.G   |   | 2W.28  | +93                                    | 7.4  | 6.6   |                | maskelb and s  | sabbyggang g                   | Post,  | part of                              | អ mi   | •                    |



### Convergence between UK gilt and German bund yields on hold

An array of data makes the outlook hard to predict, write Jeremy Grant and Vincent Boland

seemed that conver-gence between yields cates of both arguments. Last week, for examp

to joining European mone- being reflected in the high tary union and the spread street. between the 10-year sectors narrow sharply, repeating a pattern seen in Italy and

That scenario sounds overoptimistic now. Granted, gilts have performed well for fall than to rise. investors, but they have levand the spread over bunds is

Also, with a bewildering array of signals from the UK's economic analysts and outlook for gilts is hard to

This is mirrored in the debate over whether UK interest rates have peaked.

ot so long ago, it of ammunition for the advo-Last week, for example, on UK government bonds figures showing slower retail (gilts) and German bunds sales growth were taken as a was just around the corner. convincing sign that a cool-The UK was edging closer ing off in manufacturing was

Manufacturing Is now of gilts and bunds was set to technically in recession. according to the latest data. That is bad for the economy but good for gilts, because it supports the view that inter est rates are more likely to

However, the trend of riselled off in recent months ing wages highlights the danger of creeping inflation still stuck a few points in the labour sector and poseither side of 100 basis sibly upward pressure on interest rates.

It is hardly surprising. then, that the market has been jumpy and that gilts underperformed compared with German

The 10-year spread has been above 100 basis points as often as below it, while

for December - reflecting year of continuing economic the market's view of where interest rates will be by then - was pricing in a rate of 7.3 per cent. Rates today stand at 7.25 per cent.

Some analysts argue that seasonal factors and Budget items have conspired to skew some recent economic data, while there is a growing view that the market was premature in looking for a cut in interest rates.

teven Andrew, gilt strat-Segust at Merrill Lynch. increasingly buying into the view that rates have reached a plateau and are less worried about when they will

had a bad week [last week] for data, there is more realism that 7.25 per cent is probably the peak. That's a nore sensible approach than asking when the first cut might be coming," he says. That, coupled with signs

sluggishness, could finally

heading off a cliff nor going like a train, so that is favourable for gilts," Mr Andrew

inspire the gilts market.

There are other supportive factors. One is the growing scarcity of gilts. Last week's auction of £3bn of 10-year bonds may be the last for some time because of the health of government finances. Also, apart from Greek bonds, gilts currently vield more than any other

European bond market. The question is when these factors will start to give the market sounder bearings, and when UK bond with their European counter-

is that the UK will join Emu in 2002, by which time there should be total convergence between the yield curves of



Any interest rate cut in bet, because with the the UK in the next six current spreads over Germonths - coupled with a rise man bunds convergence has in German rates, which are not been priced in." she headed higher because of euro-zone convergence prior next year - would confirm

course for convergence. down the spread between gilts and bunds later this year, and suggests that gilts would outperform other European government bond

Phyllis Reed, interna-tional bond strategist at Barclays Capital, says gilts should offer investors a win-win scenario

"You're going to do well

"This has increasingly been postponed in people's minds

and the market is looking at

a change in August. We

don't need this to happen

quickly, rates don't need to

The key 10-year bund

future crept higher, settling

at 107.48 in volume of 44.500

contracts traded in Frank-

furt. The contract was stuck

in a tight range of 107.42 to

107.49 with little prospect of

Dominique Barbet, economist at Paribas in Paris, said

converge until December.

goes belly-up, you're going to do well in gilts as a safe that the two markets are on Meanwhile, the best

That would help to bring returns in the UK could be at the short end of the yield curve as investors start to focus on a future rate cut. But the question is one of timing. Until they can be absolutely sure UK rates are

> in their support for gilts. It will probably take a puff Bank of England - pointing the way for rates - for that

not headed higher, investors

are unlikely to be emphatic

of white smoke from the

#### Strong demand lifts JGB prices approach to monetary policy. "Attention is switching away from the Bundesbank

Bank chief economist, expected the ECB to set an initial inflation target of 1.5 per cent to 2 per cent a year. There was some interest rate-related activity in Scan-

to the ECB," Mr Barbet said.

with SWEDISH BOND yields ending lower on comments by Urban Backstrom, governor of the Riksbank (central hank), that he did not rule out lower interest rates. In neighbouring NOR-

WAY, the krone weakened and bond yields rose despite a rise in interest rates on Friday, with some analysts suggesting another rise if the currency continued to

### Santander in Pta200bn CP securitisation

By Tom Burns in Madrid

Banco Santander has stolen a march on its Spanish banking rivals with plans to securitise about Pta200bn (\$1.3bn) of commercial paper next month and sell them as bonds to international institutions.

The move is the first since the government changed the law governing which bank assets can be securitised, to include all loan portfolio essets, not just mortgages.

The reform bought Spain into line with standard practice in the US and the UK. It also creates a new avenue to channel excess savings capacity in northern Europe towards faster growing economies such as Spain's.

Carlos Garcia, banking analyst at Central Hispano Bolsa, said yesterday he expected the new instrument rapidly to be imitated by other institutions and to alter Spain's financial sector by improving the capital efficiency of domestic bank

Santander has always been seen as a pioneer, introducing such products as high-interest accounts and investment funds. It was also the first to securitise mortgages under previous guidelines introduced in 1993.

Banco Bilbao Vizcaya, Santander's arch-rival, said it was "extremely interested" in the government's initiative and was ready to launch a similar broadly-based securitisation

BBV, Spain's largest bank in terms of market capitalisation, co-ordinated a one-off issue of securitised loans worth Pta715bn in 1996 to cover the debt incurred by domestic electricity generators that had invested in nuclear plants sidelined by a government moratorium on

uciesr energy. Mr García estimates that

Ptal1,500bn over the next seven years. "That is a conwould represent slightly more than 10 per cent of Spain's current gross domestic product," he said. Juan Rodriguez Inciarte,

gar tops 113

Santander's executive managing director, said the new instrument was "tailor-made for a new environment that is shaped by a changed savings patterns in Spain, by Spanish growth rates and by the onset of the euro".

Analysts have expressed concern over shrinking banking as customers switch from retail deposits to investment funds.

This has forced banks to tap the capital markets to meet an accelerating domes tic credit demand, which is reckoned to be growing at about 10-12 per cent. This petition among the banks and brought down average mortgages to 6 per cent. among the lowest in Europe. Santander

Pta4,000bn in funds, has Pta2,000bn in customer deposits and placed \$8bn in euronotes last year to meet the central bank's stringent capital adequacy ratios.

"Now we have extraordinary possibilities because the euro eliminates the currency risk premium," Mr Rodriguez Inciarte said. Spain has a very efficient banking system but we needed a strong currency and to reduce the cost of

Santander plans to draw European institutions into a new fund consisting of securitised assets packaged from its loan portfolio. Investors will be invited to buy into the fund through short-term bonds rated at A1/P1 and priced at slightly below Libor.

The fund will acquire the tander at a discount, providthe volume of Spanish secur- ing an additional layer of itised assets will rise to comfort to investors

### Singapore banks in 'solid position'

By Jeramy Grant

Moody's Investors Service said yesterday Singapore's banks were in "a relatively solid position" to handle the impact of the Asian financial crisis but expressed concern about increased competition and declining profitability stemming from the regional

Earnings worries prompted Moody's in March to revise the outlook for the six rated banks from stable to negative. However, it said yesterday: "Due to the banks' strong capital and reserves, the crisis does not present a threat to their solvency and the impact, if any, on the banks' credit stand-

were expected to be "well due to the need for loan loss provisions, the drag of nonperforming loans, and reduced business opportuni-

The city-state's largest bank, Development Bank of Singapore, in March reported a 35 per cent fall in 1997 group net profits, largely because of a sharp increase in provisions to cover possible losses on

regional lending. Moody's said Singapore come under increasing pressure from foreign competitors on their home turf, prompting them to expand

### **GOVERNMENT BONDS**

European bond markets drifted aimlessly yesterday as holidays in the US and the UK stifled trade, although records were broken in Japan as strong demand lifted prices abead of a bond auction today.

Public funds, life assurers, city banks and regional investors rushed for JAPA-GOVERNMENT BONDS in a burst of buying. sparked in part by rumours of a planned abolition of withholding tax on income from Japanese securities owned by non-residents, said

By Jeremy Grant

The key No 182 10-year JGB yield was at 1,215 per cent in late trade, after hitting a record low of 1,210 per

Société d'Invertissement à capital var

R.C. Luxembourg B Number 57 826

today's auction of 10-year JGBs was expected to be set. at a record low.

In Germany, the release of inflation data in two states in GERMAN BUNDS, with investors seeing the figures in line with expectations – as further confirmation that the Bundesbank was unlikely to be bounced into any interest rate rise soon.

There have been suggestions that, as part of the drive towards interest rate convergence. Germany might raise rates as early as July to bring them in line with countries on the higher interest rate "periphery" of the European monetary

However, Stefan Bergheim, Frankfurt-based econo-

the French and German markets were likely to remain Although the Bundesbank

breaking out soon.

is scheduled to meet on Thursday, markets were expecting no surprises given its current stance and were

#### more interested in the Euro-WORLD BOND PRICES BENCHMARK GOVERNMENT BONDS 04/00 7,000 103,6161 4.96 +0.01 -0.05 - -1.08 10/07 10,000 131,5862 8.64 - -0.13 -0.14 -2.04

0999 7,000 103.5700 4,12 -0.02 -0.03

#### ASIA BOND & CURRENCY FUND red Office: 16 Boulevard Royal, L-2449 Lux

| ı |                     | 07/07          | 5,525          | 104,5900             | 4.98         | -0.01          | -0.11          | -0.08          | -0.81          |
|---|---------------------|----------------|----------------|----------------------|--------------|----------------|----------------|----------------|----------------|
| l | National Confession | 01/00          | 4,000          | MA.7000              | 4.18         | +0.03          | -0.02          | +0.02          | +0.47          |
|   |                     | 03/07          | 6,200          | 108,5800             | 6.01         | -0.01          | -0.07          | -              | -0.95          |
| l | Connection          | DOM            | 4,750          | 98,5100              | 3.14         | -8.62          | -5.00          | +0.05          | +0.80          |
|   |                     | 08/07          | 7.250          |                      | 5.37         | -001           | -0.00          | +0.03          | -1.15          |
| ł | -                   |                |                |                      |              |                |                |                |                |
|   | Distance            | 12/99          | 6.000          |                      | 4.00         | -0.03          | -0.07          | +8.95          | +0.71          |
| ı |                     | 11/07          | 7.000          |                      | 6.21         | -000           | -0.07          | +0.02          | -1.20          |
| ı | Pinland             | Q1/ <b>90</b>  | 11.000         |                      | 3.75         | -0.00          | -0.00          | -0.01          | +0.04          |
| ı |                     | 04/06          | 7.290          | 114.8480             | 4.55         | -0.03          | -0.00          | +0.01          | -125           |
| ı | France              | 01/00          | 4,000          | <b>91.8500</b>       | 4.09         | +0.01          | -0.03          | -0.81          | +0.36          |
| ı |                     | 10/04          | 6.790          | 111,0000             | 4.70         | -0.01          | -0.00          | -0.01          | -0.98          |
| ı |                     | 10/07          | 5,800          | 104.0500             | 4.86         | -              | -0.07          | -              | -0.80          |
| ı |                     | 10/25          | 5.000          | 107.2100             | 5.45         | -0.01          | -0.08          | +0.03          | -1,14          |
|   | Corner              | 09/90          | 4.000          | 100.0500             | 3.86         | -              | -0.02          | -0.04          | +0.37          |
|   |                     | 11/04          | 7.600          | 114,9500             | 4.75         | -0 61          | -0.08          |                | -0.63          |
|   |                     | 07/07          | 8.000          | 107,7000             | 4.93         | -0.01          | -0.08          | -0.01          | -0.96          |
|   |                     | 17/27          | 8.500          | 114,8600             | 5.45         | -0.01          | -8.00          | +0.01          | -1.18          |
|   | leadered .          | 04/90          | 6.260          | 180,6400             | A.17         | +0.09          | +0.05          | +0.23          | -0.74          |
|   |                     | 06/06          | 5,000          | 118,7800             | 3,14         | -0.01          | -0.07          | +0.05          | -1.52          |
|   | itaiv               | 05/00          | 6.000          | 102.7300             | 4.62         | _              | -0.03          | _              | -1.88          |
|   | omy                 | 05/02          | 9,000          |                      | 4.78         | -              | -0.04          | -002           | -1.60<br>-1.60 |
|   | 1                   | 07/07          | 8.750          | 111,7500             | 6.12         | -              | -0.07          | +0.01          | -2.14          |
|   |                     | 11/28          | 7.230          | 122,8000             | 5.63         |                | -0.07          | +0.03          | -2.23          |
|   | -                   |                |                |                      |              |                | _              | _              | -0.00          |
|   | -parboni            | 03/00          | 6.400          | 110.8200             | 0.37         | -0.03<br>-0.04 | -0.06          | -0.16          | -9.80<br>-1.16 |
| 1 |                     | 12/02<br>09/05 | 3,000          | 112,0200             | 0.88<br>1.27 | -0.04          | -0.06          | -0.27<br>-0.31 | -1.31          |
| - |                     | 09/17          | 3.000          | 113,7700             | 2.13         | -0.85          | -0.09          | -0.31          | -1.16          |
|   |                     |                |                |                      |              |                |                |                |                |
| 7 | listierienis        | 11/99          | 7.500          | 104.7500             | 4.07         | -0.08          | -0.08          | -0.02          | +0.27          |
|   |                     | 02/07          | 5.750          | 105.8800             | 4.90         | -0.01          | -0.06          | -0.01          | -0.87          |
|   | How Zeeigel         | 02/00          | 6.500          | 98.3041              | 7.68         | +0.04          | +0.05          | -0.05          | +0.24          |
| 1 |                     | 11/08          | 8.800          | 100,6325             | 6.59         | _              | -0.13          | -0.20          | -0.98          |
| 1 | licrony             | 01/98          | 9.090          | 102,6600             | 4.79         | +0.07          | +0.17          | +0.30          | +0.78          |
|   |                     | 91/07          | 8,750          | 108.2500             | 8.52         | +0.07          | +0.02          | +8.19          | -0.55          |
| ı | <b>Fortunal</b>     | 22/99          | 3,500          | 103.3400             | 4.22         | -6.51          | -8.54          | +0.06          | -1.08          |
| 1 |                     | 02/07          | 1.65           | 110,0100             | 5.09         | -              | -0.06          | +0.05          | -1.30          |
|   | Spain               | 67/99          | 7,400          | 103.5400             | 4.22         | -0.03          | -0.01          | +0.01          | -0.87          |
|   | -                   | 03/07          | 7.350          | 115,9809             | 5.08         | ~0.02          | -0.09          | +0.01          | -1.50          |
| ı | Design              | 01/20          | 11.000         | 103.0450             | 4.55         | +0.01          |                |                | -0.36          |
| 1 | descript)           | 96/07          | 8.000          | 120.7090             | 5.12         | -0.02          | 0.87<br>0.11   | -0.11<br>-0.07 | -1.91          |
| ١ |                     |                |                |                      |              |                |                |                |                |
| ł | Beltzerland         | 08/07          | 5.000<br>4.500 | 105,3000             | 1.95         | +0.03          | +0.06          | +0.93          | +0.29          |
| ł |                     |                |                |                      | 3.03         |                | -0.02          | -0.10          | -0.47          |
| ١ |                     | 08/98          | 6.000          | 99.2031              | 6.69         | +8.01          | -0.05          | +0.13          | -0.10          |
| 1 |                     | 71/04<br>12/07 | 6,750          | 104.3047             | 5.94         | -              | -0.11          | +0.05          | -1.20          |
| ١ |                     | 12/UF<br>08/21 | 7.250<br>8.000 | 128.2734             | 5.77         |                | -0.12<br>-0.12 | +0.02          | -1.37<br>-1.50 |
| 1 | _                   | _              | _              |                      |              |                | _              | +0.02          | _              |
| J | 26                  | TD/90          | 5.625          | 99.9665              | 5.64         | -              | +0.06          | +0.04          | -0.57          |
| ١ |                     | 11/04<br>06/07 | 7.875<br>8.125 | 111,5313<br>102,7813 | 5.72<br>5.73 | =              | +0.0t          | .00            | -0.65          |
| ١ |                     | 08/27          | 6.375          | 105.8125             | 5.95         | -              | -0.81          | +0.03          | -1.01<br>-1.64 |
| ١ |                     |                | _              |                      |              |                | _              | _              | -1.04          |
| 1 | BOU .               | 01/00          | 4.000          | 88.5100              | 4.24         | +0.05          | -0.02          | +0.07          |                |
| 1 |                     | 04/07          | 5.500          | 103.7500             | 4.97         | -0.01          | -C 08          | -0.02          | -1.19          |
|   |                     |                |                |                      |              |                |                |                |                |

代表 (03) +0.44 III ADA +0.04 +0.44 +0.51 +0.11 +0.35 74,0000 78,5000 83,0000

INTERNATIONAL BONDS

8.02 8.07 A.00 N 200 PM t12,5000 100,4500 107,3000

BOND FUTURES AND OPTIONS

40.01 +0.04

12,806 +0.63 +0.11 +0.15 +0.46 +0.31 +0.14 +0.07 +0.24 +0.30 -3.84 +0.05 -0.10 -0.58 -0.57 -0.42 -0.68 -0.73 -0.49 -0.43 -0.68 +1.58 +0.55 +0.21 +0.20 +0.25 -1.88 +0.81 +0.73 +0.12 +0.95 -0.06 -0.52 -0.53 -0.49 -2.61 +0.15

#### ing should be minimal." **RUSSIAN JOINT** STOCK COMPANY

Announcement of **Annual General Meeting** 

**GAZPROM** 

#### NOTICE TO **SHAREHOLDERS**

Notice is hereby given that the Annual General Meeting of RAO Gazprom will be held on June 26, 1998 at the Company's central office, Nametkina ul. 16. Block CD, Moscow at 10 am (local

The AGM has been convened for the purpose of approving the 1997 financial

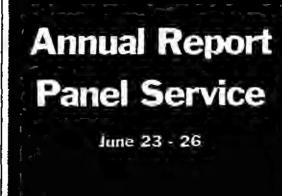
> To register attendance contact: Registration Commission RAO Gazprom Nametkina ul. 16 Block CD Moscow Telephone (095) 719 39 63

This office will be open for registration 10 am (local time), May 26, 1998.

> Moscow, May 26, 1998 The Board of Directors RAO Gazprom



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charcholders are informed that they can act at the meet proxy returned to the Fund at the latest on the Luxembou

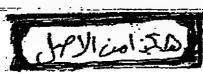
By the Board of Directors of Asia Bond & Currency Fund

For further information please contact: Felicia Kay in London Tel:+44 171 873 4199 Fax: +44 171 873 4817/3204

email: felicia.kay@FT.com

or Ninz Golovytenko in Moscow Tel: +70 95 243 1125 Eax: 470 95 232 2994

FINANCIAL TIMES No FT, no comment.





#### **CURRENCIES & MONEY**

### **Dollar tops Y137**

US creating thin trading conditions, the dollar jumped to its highest level against the yen for nearly seven years yesterday.

following reports that Robert
Rubin, the US Treasury Secretary, was prepared to see rates of Y140-Y150 to the dollar if that was necessary to kickstart Janan's mori. Y135.7 on Friday.

The dollar also headed a est rates in both the euro-little higher against the zone and the US. D-Mark, as investors took profits on the D-Mark's selling of sterling, designed to hedge sterling exposure to hedge sterling exposure by Ecu bond-holders, are against the Swedish krong likely to contribute to the after the Swedish central bank said it had not ruled out an interest rate cut.

With little in the way of economic data due to be mance on trade. released, international cur-

By Richard Adams

In the UK, only the release
of global trade figures for
March is likely to provide any excitement for sterling.

The pound has been coasting downhill at a surpris-

ingly rapid rate since the start of April. The currency The dollar rose above Y137 now sits near the DM2.85

to kickstart Japan's mori-bund economy. The dollar closed at Y137.1, up from suggestions of higher inter-

Reports of heavy forward drift downwards. The pound's fall could be spurred on if Friday's figures

show another poor perfor-Last week's estimate of rency markets may struggle first-quarter GDP showed for direction, even with yes-

| by 25                |              | Closing            | Change    | Sid/uller | Day's              |                    | Charles<br>Rade     |           |                    | pagpillas<br>Al Da | Cor ye             |          | Benk of   |
|----------------------|--------------|--------------------|-----------|-----------|--------------------|--------------------|---------------------|-----------|--------------------|--------------------|--------------------|----------|-----------|
|                      |              | reid-point         | OR DRY    | spreed    | tigis              |                    | iest                | *PA       | Rate               | %PA                | Rate               | %PA      | Eng. Inde |
| archy.               |              | ****               |           |           | **                 | ***                |                     |           |                    |                    |                    |          |           |
| mit is               | (Sah)        | 30.2434            |           | 337 - 536 | 30.2537<br>59.3400 | 20.1737<br>59.1670 | 30.1738             | 42        | 20.0529<br>58.7547 | 38                 | 19,5905            | 32       |           |
| sigina<br>Normalik   | (BFr)        | 59.3125<br>10.8592 |           | 542 - 642 | 10.9657            | 10.9235            | \$8,1066<br>10,5309 | 42<br>3.1 | 10.8825            | 3.8                | 57.3851<br>10.6822 | 32<br>25 |           |
| nked                 | (CHA)        | 8.7437             |           | IN - 310  | 8.7580             | 8,7170             | 8.7127              | 42        | 8.6629             | 28<br>37           | 8.4661             | 23<br>32 |           |
| ance                 | GTr)         | 9.6486             |           | 440 = 523 | 9,6527             | 9,6137             | 9,6143              | 4.3       | 9,555              | 39                 | 9.3316             | 32       | 106       |
| THE STATE OF         | <b>699</b> 0 | 2,8789             |           | 755 · 762 | 2,5759             | 2.866              | 2,8667              | 43        | 28498              | 3.9                | 2.7831             | 33       |           |
| THESE                | 600          | 491.479            |           | 207 - 112 | 494.430            | 488,590            | 493.502             | -49       | 497.195            | -47                | 500.075            | -3.8     | 60        |
| alend                | (20)<br>1144 | 1.1432             |           | QD = 442  | 7.1442             | 1.1399             | 1.1471              | 1.1       | 1.14               | 11                 | 1,1204             | 2.0      |           |
|                      | <u> </u>     | 2837.51            |           | MO - 882  | 2838.87            | 2627.18            |                     | 21        | 2620.99            | 23                 | 2790.65            | 2.7      |           |
| orijose              | alfo         | 50.3126            |           |           | 59.3400            | 5A.1670            | 58.1066             | 4.9       | 58,7547            | 38                 | 57.3851            | 12       | 102       |
| etheriands.          | - m          | 3.2420             |           | 405 - OI  | 3.2435             | 3.2311             | 3.2304              | 43        | 3.2108             | 3.8                | 3.1358             | 3.3      | 102       |
| TWEY                 | O. C.        | 12,1370            |           | EST - 400 | 12.1550            | 12.0710            | 12.1044             | 32        | 12.0516            | 2.8                | 11.8533            | 23       | 96.       |
| أجوماد               | <b>6</b> 6   | 291,683            |           | 511 - ESA | 294,881            | 293 959            | 293.918             | 31        | 292,433            | 3.1                | 285,839            | 30       |           |
| naka                 | 214          | 244,972            |           | 37 - 4    | 244.580            | 243,619            | 243,699             | 33        | 242.491            | 31                 | 237.078            | 3.0      | 77.       |
| medest               | STO          | 12,5864            |           | MX - 745  | 12,5747            | IZSHI              | 12.5331             | 32        | 12,4756            | 2.9                | 12.2393            | 2.6      | 86        |
| elizerlead           | SF6          | 2.3976             |           | ONL - SEL | 2.3992             | 2.3872             | 2.3852              | 82        | 2.3834             | 5.7                | 2.2746             | 5.1      | 106       |
| K                    | 60           | -                  |           | -         |                    |                    |                     |           |                    |                    |                    |          | 102       |
| 32                   | _            | 1.AE17             | +0.002    | 889 - 834 | 1,4824             | 1.4578             | 1.4574              | 35        | 1.4502             | 3.1                | 1.4187             | 29       |           |
| OR:                  | -            | 1.215301           |           |           |                    |                    | ,                   | _         |                    |                    |                    | ~        |           |
| mericas              |              |                    |           |           |                    |                    |                     |           |                    |                    |                    |          |           |
| gostina              | Penni        | 1,6268             | -0.0058   | 263 - 273 | 1.5213             | 1.6262             |                     |           |                    | -                  |                    |          |           |
| 225                  | (FSS)        | 1.8754             | -0.0059   | 740 - 761 | 1.2795             | 1.8742             |                     | -         |                    |                    |                    |          |           |
| reda                 | (CS)         | 2.3583             | -5.01     | SEC - 104 | 2,3668             | 2,35806            | 2.3539              | 2.7       | 2345               | 24                 | 23117              | 2.0      | 81.       |
| edito (              | Resu Peesi   | 14.0504            | -0.0713   | 401 - 500 | 14,0703            | 13.9835            | 14.2151             | -141      | 14.5207            | -13.4              | 15,8926            | -13.1    |           |
| ×.                   | 53           | 1.5279             | -0.00MT   | 274 - 284 | 1,6324             | 1.8274             | 1.8252              | 2.8       | 1.5208             | 1.7                | LACAY              | 1.4      | 110       |
| clific/HE4dite       | East/Africa  |                    |           |           |                    |                    |                     |           |                    | •••                |                    | •••      |           |
| stralle              | 049          | 2,6041             | +0.0203   | D18 - 963 | 2,6105             | 2,5988             | 2.5983              | 2.6       | 2,5878             | 2.5                | 2.5452             | 2.3      | 83.9      |
|                      | OHS3         | 12.6138            | -0.0425   | 001 - VM  | 12,8462            | 12,6075            | 12.611              | 0.3       | 126162             | -0.1               | 12.8717            | -2.0     |           |
| iio .                | (Red         | 66,6707            |           | 958 - 195 | 67,4610            | 66,4710            |                     |           |                    |                    |                    |          |           |
| ani                  | Shki         | 5.9344             |           | 277 - 435 | 5.9428             | 5 9266             |                     |           |                    |                    |                    |          |           |
| -                    | m)           | - 223,226          |           | 117 - 335 | 223,520            | 222,300            | 221.521             | 7.8       | 219.321            | 7.0                | 202,555            | 8.6      | 1135      |
| áncia.               | 0450         | 6.2146             |           | Des + 206 | 6.2248             | 6.1955             | 6.2637              | -9.5      | 6.378              | -103               | 8.712              | -80      |           |
| er Zeetseri          | (NZ3)        | 3.0689             |           | ME - 278  | 3,0725             | 3.0568             | 3.0722              | -1.3      | 3.0788             | -13                | 3.1020             | -1.1     | 95.8      |
| Stockes.             | Pessi        | 62,8370            |           | 161 × 977 | 62,9429            | 62,7290            | 83.2534             | -8.0      | 64.084             | -7.9               | 67.9271            | -41      | -         |
| nd Arabia            | SRI .        | 6.1058             |           | 036 - 076 | 6.1223             | 6.1033             | 6.0975              | 1.6       | 6.0841             | 1.4                | 6.0404             | 1.1      |           |
| 100000FB             | 533          | 2 8840             |           | 820 - 860 | 2.6874             | 2.6881             | 2.6821              | 53        | 2 SR04             | 0.5                | 2,6787             | 8.2      |           |
| uth Alidea           | 80           | 8.3699             |           | 648 - 749 | 8,4082             | 8.3643             | 8.47                | -144      | 8.5848             | -10.3              | 8.966              | -7.1     |           |
| ude Vacces           | (Mode)       | 2253.83            |           | 国 - 個     | 2270.63            | 2250.08            | -                   |           |                    |                    |                    | -7.5     |           |
| lease .              | (12)         | 54,8196            |           | 54 - 46   | 54,9989            | 54,7575            | 54,9412             | -27       | E5.0909            | -30                | RES. ARES.         | -1.8     |           |
| man<br><b>e</b> 0886 | Field        | 63,8951            | - Andrews |           | 84.2850            |                    | 64.3512             | -         | 85.175             |                    | 89.0847            | -1.0     | _         |

| DOLL               | AN SP                 | OF FO                 | JRWA             | RD AG                | AINST            | THE            | DULLA   | AR.   |                  |              |                  |           | H,          |
|--------------------|-----------------------|-----------------------|------------------|----------------------|------------------|----------------|---------|-------|------------------|--------------|------------------|-----------|-------------|
| ikų 25             |                       | Closing<br>naid-point | Change<br>on day | Backfoffer<br>append | Çey's i<br>high  | naid<br>Nye    | Ratio   | T.PA  | Three ma<br>Rate | adbs<br>9_PA | Die year<br>Rate | JP<br>NPA | Mary<br>Ind |
| Exercipe           |                       | _                     |                  |                      |                  |                |         |       |                  |              |                  |           | _           |
| Amedral            | (Sch)                 | 124353                |                  | 328 - 377            | 124410           | 12,3606        | 124123  | 2.2   | 12.3723          | 2.0          | 12 2078          | 1.8       | 16          |
| مطوادا             | (BFr)                 | 36,4350               |                  | <b>200 - 400</b>     | 36.4450          | <b>36.2800</b> | 35.368  | 2.2   | 36,2575          | 2.0          | 35.7595          | 1.9       | 14          |
| Denner's           | (DK/)                 | 6.7321                |                  | 311 - 331            | 6.7357           | 6.6343         | 6.7257  | 1.7   | 6.7143           | 1,1          | 6.6566           | 1.1       | 11          |
| Plend              | (744)                 | 5.3712                | +0.0292          |                      | 5.3745           | 5.3404         | 5.3609  | 23    | 5.3449           | 20           | 5 2757           | 1.8       |             |
| FINECE             | (Ffr)                 | 5.9270                |                  | 265 - 275            | 5.9304           | 5.8918         | 5,9156  | 23    | 5.8956           | 2.1          | 5.815            | 1.9       |             |
| Germany .          | €# <b>0</b>           | 1.7872                |                  | BM) - 175            | 1.7881           | 1.7565         | 1./638  | 23    | 1.758            | 2.1          | 1.7342           | 1.9       |             |
| Snece              | 99                    | 201,010               |                  | M - DE               | 303,480          | 299,730        | 303.65  | -6.9  | 306.76           | -6,4         | 117.7            | -5.2      |             |
| reland             | (E)                   | 1.4240                |                  | 20 - 20              | 1,4315           | 1,4225         | 1.4229  | 0.9   | 1.411            | <b>a.</b> p  | 1.4322           | -0.6      |             |
|                    |                       | 1743.05               |                  | 30 - 33D             | 1743.70          | 1733,60        | 1742.85 | 0.1   | 1740.5           | 0.6          | 1720.3           | 1.3       |             |
| memberg            | £Fn                   | 36.4350               |                  | 300 - 400            | 36,4450          | 36,2800        | 38.368  | 22    | 36.2505          | 2.0          | 35.7595          | 1.9       |             |
| <b>Motherlands</b> | en en                 | 1.9916                |                  | 913 - 918            | 1,9928           | 1.9809         | 1.9578  | 23    | 1.001)           | 2.1          | 1.9542           | 1.9       |             |
| ioney.             | (1864)                | 7.4556                |                  | 565 · \$17           | 7.4585           | 7.4037         | 7.4477  | 1.3   | 7.4356           | 1.1          | 7.3935           | 0.8       |             |
| ortagal            | <b>(54)</b>           | 101,020               |                  | 270 - 070            | 181.070          | 180.220        | 180.846 | 12    | 180.425          | 1.3          | 176.12           | 1.8       |             |
| Pain .             | Pts                   | 250.115               |                  | NGT - 140            | 180,170          | 149,370        | 149.947 | 1.5   | 147.013          | 1.3          | 147.735          | 1.5       |             |
| Meden              | (224)                 | 7.7194                |                  | 164 - 25             | 7.7258           | 7 6740         | 7.7116  | 13    | 7.6872           | 1.2          | 7.6269           | 12        |             |
| Staitzerland<br>IK | (SFr)                 | 1.4728                |                  | 723 - 733            | 1.4735           | 1.4525         | 1.44(76 | 4.3   | 1.4581           | 4.0          | 1.4174           | 38        |             |
|                    | Ø                     | 1.5279                |                  | 274 - 204            | 1.8324           | 1 6274         | 1 5252  | 2.0   | 1.6208           | 1.7          | 1.6047           | 1.4       |             |
| ČT .               | -                     | 1 1138                | -0.0009          | 135 - 14 <b>0</b>    | 1.1180           | 1.1128         | 1.1152  | -15   | 1.1177           | -1,4         | 1 1312           | -1.6      |             |
| DRT                | -                     | 0.74404               |                  | •                    | •                | -              | •       | •     | -                |              | -                | -         |             |
| landers            | (Pesci                | 0.0003                |                  |                      |                  |                |         |       |                  |              |                  |           |             |
| janj<br>Janie      |                       | 1.1500                |                  | 519 - 521            | 0.9993           | 0.9993         |         | -     | -                |              | -                | -         |             |
| Maga<br>Magada     | (69)                  | 1.4493                |                  | 319 - 321            | 1 1523<br>1,4502 | 1.1508         | -       |       | . 4450           | 0.7          |                  | 0.6       |             |
| ilitaica           | (CS)<br>Alam Peson    | 8.6310                |                  | 201 - 200            | 8,6530           | 1.4485         | 1,4484  | 0.8   | 1.4468           |              | 1.4405           |           | 1           |
| Si.                |                       | d'ESIÚ                |                  | 700 - 100            |                  | 8.6290         | 17455   | -16.1 |                  | -15.2        | 9.9035           | -14.7     |             |
|                    | (5)<br>la East/Africa |                       |                  | •                    | •                |                |         | -     | -                |              |                  | -         | 11          |
|                    |                       |                       |                  |                      | 4 000            |                |         |       |                  |              |                  |           |             |
| طووي               | (AS)                  | 1.5998                |                  | MIT - 006            | 1.6007           | 1.5657         | 1.5968  | 0.6   | 1.5962           | 0.0          | 1.5855           | 0.9       | - 4         |
| ibag Kong          | (483)                 | 7.7485                |                  | 460 - 400            | 7.7490           | 7.7477         | 7.7595  | ~1.7  | 7.764            | -1.8         | B.021            | -33       |             |
|                    | (Ac)                  | 40.9550               |                  | 400 - 700            | 41.4000          | 40.8000        |         |       |                  |              |                  |           |             |
|                    | (504)                 | 3.6455                |                  | Q1 - M0              | 3 6490           | 3.5404         |         |       |                  |              |                  |           | _           |
| apen .             | (1)                   | 137.125               |                  | 100 - 150            | 137.250          | 136.200        | 136.485 | 6.8   | 135.315          | 43           | 129.96           | 5.2       | 1           |
| فتبرطة             | (845)                 | 11/178                |                  | 125 - 225            | 3.8230           | 3.7950         | 2.004   | -11.5 | 3.935            | -123         | 4.1825           | 79.6      |             |
| iew Zealena        | (1023)                | 1,8852                |                  | 100 × 100            | 1.8869           | 1.8751         | 1 8883  | -2.0  | 1.8937           | -1,8         | 1,9125           | -1,4      |             |
| Napples            | (Passa)               | 38.6000               |                  | 500 - 536            | 38.6500          | 28.5500        | 38.9195 | -9.9  | 39.5385          | -8,7         | 42.3285          | -9.7      |             |
| aggi Arabia        | SR                    | 3.7506                |                  | 105 - 207            | 3_7507           | 3.7504         | 3,7517  | -04   | 17535            | -0.3         | 3.7641           | -47       |             |
| postore            | (55)                  | 1.5488                |                  | W - 6                | 1.6495           | 1.6355         | 1.6503  | -1.1  | 1.5536           | -1.2         | 1.8693           | -1.2      |             |
| Outh Africa        | 0.0                   | K1410                 |                  | <b>100 - 450</b>     | 5.1600           | 5.1325         | 5,2715  | -163  | 5,2965           | -12.1        | 5.5865           | -8.7      |             |
| outs Korea         | (Michiel)             | 1384.50               |                  | 300 - H20            | 1392.00          | 1379.00        | *       |       |                  |              |                  |           |             |
|                    | {रइ।                  | 33.6750               |                  | 700 - 800            | 33,6810          | 33.5750        | 33,805  | -4.5  | 33.99            | -3.7         | 34.825           | -34       |             |
| <b>No. Service</b> | 680                   | 39,2500               | -0.075           | <b>100 - 000</b>     | <b>38.4000</b>   | 38-9000        | 39.595  | -10.5 | 40.15            | - 12         | 43.05            | -9.7      |             |

| for direction, even with yes—the trade deficit at a 7%-year-terday's holidays out of the high, with imports outweigh-  | The contrast when primary is the last to the part outside to but interest it becomes 7-case  |
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| way. ing exports by £3.5bn. WORLD INTEREST RATES   |  |
|  | CROSS RATES AND DERIVATIVES  |
| MONEY RATES  Buy 22 Gar Con Three St Con Lord, Dir. Prop. State St. 7 cm. Con Three St. Con Con Three St. Con  | EXCHANGE CROSS RATES   |
| night month tribs paths your later. Talk this had battle policy industry to the second | Henry 25 Herr DAR PTY DAN EE LL PT MOO: Bo Pho NAT SPY R CS \$ Y Emu<br>— Bolgham (SPY) 100 18.48 16.27 4.850 1.927 4784 5.485 20.45 496.8 412.0 21.110 4.042 1.586 3.978 2.745 378.4 2.484  |
| Brighton 38 314 38 38 5.00 2.75 — Brighton Franc 38 34 34 516 39 38 38 38 38 38 38 38 38 38 38 38 38 38  | Desirings (DKG) 54,12 10 8,804 2,025 1,043 2589 2,958 11,07 268,9 223,0 11,47 2,188 0,012 2,153 1,485 201,7 1,334 France (FFG) 61,47 11,36 10 2,962 1,185 2941 3,360 12,56 305,4 253,3 13,02 2,485 1,036 2,446 1,667 231,4 1,515   |
| Process 34 394 35 85 374 4.50 — 8.50 German Mork 376 38 38 314 38 38 38 4.50 — 3.50 Datch Galder 3 - 256 38 314 38 38 38 376 2.50 Datch Galder 3 - 256 38 38 38 38 376 2.50 Datch Galder 3 - 256 38 38 38 38 376 2.50 Datch Galder 3 - 256 38 38 38 38 38 376 38 38 38 38 38 38 38 38 38 38 38 38 38   | Germany (000) 20.82 3.809 3.354 1 0.397 986.3 1.127 4.219 102.4 84.95 4.388 0.833 0.348 0.820 0.566 77.59 0.506 Instant (0) 81.88 9.587 8.440 2.517 1 2482 2.838 10.62 257.8 213.8 10.99 1.077 0.875 2.084 1.434 195.3 1.279   |
|  | Emir 6) 2.090 0.388 0.340 8.107 0.040 100 0.114 0.438 10.39 8.512 0.445 0.085 0.000 0.083 0.087 7.887 0.052  Mediantinating (3) 18.29 3.380 2.978 0.887 0.353 875.2 1 3.744 90.88 75.37 3.075 0.740 0.308 0.728 0.502 0.505 0.451  Norway 86(5) 48.87 9.030 7.950 2.870 0.942 2338 2.871 10 242.8 201.3 10.38 1.976 0.824 1.344 1.341 1859 1.204   |
| Westergo 64 69 65 52 514 - 6.75 Special Court 69 - 77 78 - 79 76 76 - 72 73 74 74 75 74 75 75 75 75 75 75 75 75 75 75 75 75 75   | Norway (NC) 48.87 9.030 7.950 2.370 0.942 2338 2.671 10 242.8 201.3 10.36 1.975 0.824 1.944 1.341 1839 1.204 Portugni (Es) 1.113 3.719 3.274 0.978 0.388 982.9 1.710 1.00 82.93 4.284 0.014 0.339 0.801 0.352 75.75 0.498 90.001 (Pa) 24.27 4.865 3.948 1.177 0.488 1161 1.327 4.967 120.8 100 5.142 0.381 0.409 0.965 0.668 91.35 0.598 9 |
| weeken 58 5% 54 48 4% 0.50 5.00 0.63 Common City 68 - 68 48 - 68 5 - 48 58 - 6 | Sweden (\$10) #7.00 8.771 7.676 2.289 0.016 2258 2.580 1.668 234.5 194.5 10 1.808 0.796 1.677 1.295 177.8 1.163<br>Switzerland 500) 24.74 4.571 4.024 1.200 0.077 1183 1.352 5.062 122.9 101.9 5.241 1 0.417 0.984 0.679 93.10 0.610   |
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| Open Set pice Change High Low Est. vol. Open in between the change H | IN ID-MARK FUTURES (AMA) DAY 125,000 per DM PHILADELPHIA 66 2/5 OPTIONS 231,250 (perm) per pound)  |
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| weekago 4g 4g 4g 4g Jun 94,81 94,82 +0,01 94,92 94,89 133 2,316  | # Several Figures Fortistics (Making 57+ Task) (CCD par 57+ 1.840 0.64 1.17 1.73 1.60 2.42 3.18) Produces day's red., Calls 323 Page 5,551. Proc. Say's open let., Calls 14,584 Page 132, Calls 323 Page 5,551. Proc. Say's open let., Calls 14,584 Page 132, Calls 323 Page 5,551. Proc. Say's open let., Calls 14,584 Page 132, Calls 323 Page 5,551. Proc. Say's open let., Calls 325 Page |
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| Notion Price 2 +/- Can date of limit   Notion Price 2 +   | Sep 0.7530 0.7485 -0.0055 0.7530 0.7478 810 3.564  |
| Total 15-jos 1001: 112-4 - 2 NO MICO SCIO 23.3 NOS Pagaro 31-jos 1000-4. 259 0.5 645 Ja14 Ja14 21-90 100. 1107-6 21-90 1 | ME IN THE PROPERTY OF A COLUMN THE PROPERTY OF |
| Tenno Physic 198985 10745 1,900 4,975 Julio 182 Timos Gluc 200445 104,5 d. 0.0 6,000 46/26 (462) 183,5 561 22-96 199 198 0.3 2,700 166/26 (462) 183 184 0.3 2,700 166/26 (462) 183 183 184 184 184 184 184 184 184 184 184 184   | 38 Jun 1.8282 1.8284 -0.0006 Laure 1.8282 7,716 51,861 May 22 Close Prev. close Hongary 344.178 - 344.472 211.490 - 211.540  |
| Trees 100-pc 1000  | 75 SEC 1.5214 1.5225 -0.0005 1.5254 1.0211 S16 1.400 £ spot 1.5005 1.6310 Ramel 0.4675 0.4850 0.3057 - 0.3055 Dec - 1.5160 -0.0006 1.5160 1.5150 1 186 Trimit 1.5260 1.5256 Juny 4.5301 4.6361 2.8450  |
| Resp. 74pc 200825 100% 0.8 17,700 AV 047 285 1140 25pc 16 1852 1.2 3,675 Ja25 Ja25 Ja25 Ja25 Ja25 Ja25 Ja25 Ja2  | 7 1 yr 1.6074 1.6073 Ramin 10.0469 - 10.0654 6.1730 - 5.1750   |
| Team day 2002-001 106() 0.1 2,000 Apt Ced 30 3 1394 1394 140 140 140 140 140 140 140 140 140 14  | M 14/25 HOWIGE LEAGUE AND LEAGUE OF THE PROPERTY OF THE PROPER |
| Trans 74 pc 2007 24 1103 1.0 11,000 107 24.5 1105 1.  | Jun 96.360 96.360 - 96.365 96.360 11,271 76,829 UK INTEREST RATES  |
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|  | EMS EUROPEAN CURRENCY UNIT RATES Many 22 Over 7 dainy One Three St. One Many 25 Eps cent. Ruler Change 16 and type 16 months year  |
| Trees 10pc 2001  | istes against Eco on day card rate a western lad. Interburk Sterling 7% - 3 7% - 7% 7% 7% 7% 7% 7% 7% 7% 7% 7%   |
| Carry 9-1-pr. 2007   | INTERPRETATION OF THE PROPERTY |
| Each 12pc 1999-2 4 102 1 105 1/22 102 19:1   | Sparin 188.220 186.996 -0.105 -0.73 0.16 5 Local arthority days. 74 - 7 76 - 76 76 - 76 76 - 74 - 76 77 76 - 75 76 - 7 |
| Bach 12ac 2013—17 - 1624, 0.0 57 act 2 Deft 2.6 - 1715 W. Annat Internet Last 1<br>Trees Bac 202142 - 128-1, 1.8 16,500 Jet 2 Def 28.5 - Hotel Price 2 et- Cas des at  | Transpired 2072-692 2071-295 -0.226 -0.69 0.12 6<br>France 6.63186 0.59224 -0.00479 -0.60 0.03 5 UK chaning bank base lucaling sale 7% per coal from Nov 6, 1997   |
| Core 9-pc 2002 \$ 1110 0.3 3 third and 8.6 -   | Finalmed 8.81725 5.57536 -0.00165 -0.00 0.02 4 Up to 1 1-3 3-6 6-8 9-12 19728 1.96572 -0.00146 -0.50 0.02 8 mortin mortin mortin immin mortin  |
| Each Spc 2002  | 13.919 13.825 -0.009 -0.57 0.00 4 Carts of Tax day, (2100,000) 4 6.5 6.5 6.5 6.25 6.25   |
| These Str. 200331 - 108 A B B B B B B B B B B B B B B B B B B  | Auc. tender ratio of discount on May 15, 7,025 pc. Epi20 fixed ratio Stig. Export Finance, Marine up day Apr 30, 1998 Agreed ratio for period May 28, 1998 to June 23, 1998, School of 27th, Calcium Apr 10, 1999 Agreed ratio for period May 28, 1998 to June 23, 1999, School of period Apr 1, 1999 Agreed ratio for period May 28, 1998 to June 28, 1999 to June 28, 199 |
| These 8 Lyoz 2003 10243 95 2,000 Left Def - Come 95-pc \$1 Att. 7015 18 115 Apri Oct 23.2 1245 Memohaster 11-pc 2007 1349 6 Apri Oct 23.2 1245 Memohaster 11-pc 2007 1349 6 Apri Oct 23.2 1245 Memohaster 11-pc 2007 1349 1174   | _ DK   |
| 8 "Lay" elect. \$5 Tow-hose to approximate on application. E Auctive basin, sel (is distalant. Closing mid-prism non obtains in possels par \$100 monitor of which. Wealthy parameters changes are extended on a Prising to Pricing States. To adoption prime  | In Case 2 public change summer 4 west common plumpour schools for once between two streets. The proceedings of the streets between the school market and Exc contain claim for in Common, and the marketest percentage developes of the commonly resulted the best to the common of the 17/19/2. Surfage properted layer that 19/20/2 Contain claim 19/20/20/20/20/20/20/20/20/20/20/20/20/20/   |
| FT GUIDE TO WORLD CURRENCIES   | planed Grad & Pour resolved for 5%, Sales control rates adjusted. Arguminant opticidated by the Proposition Tomas.  May 22 May 15  Bills on offer \$100m \$100m \$700 accoupted sales \$7,0000%.   |
| The table below when the latest resideble rates of excitation (recorded scales) four law correspond to Pricks, May 22, 1988 . In some class the late is nowless Market mass are the average of the   | Ang and smiling pales except white they are shown Tomal of applications DBSSIR DSSIAR Ave. vale of decount 7 DBSTN 7.0197% Total advantage TOOM 21004 Average yeld 7.15540 7.1547% Mills accepted bid SBB.240 DBB245 Offer as part former 100m 2100m   |
| to be difference, in some cases market some based calculated from those of loveligh cultivaries to which they are tind.  # will be 8 D-MANK YIM # 2 STG DG 8 D-MANK YIM  | Miller, accepted bid \$28.240 EDEC245 Offer at new farmer \$100m \$100m<br>Additioned at one, family 70% 24% Mile, accept, bid 25 days   |

|  |                                       | 2 110                | DE 8                      | D-MARK              | 198   |  | 2 ST4               | 16 6               | D-MANK             | 790                     |  |  | E STE                      | D6 S               | D-HAMIN                     | 755<br>(Z 105)           |  |                |                |                      | recurrent    | all control for     |                | 70%               | 24%          |
|--|---------------------------------------|----------------------|---------------------------|---------------------|---|--|---------------------|--------------------|--------------------|-------------------------|--|--|----------------------------|--------------------|-----------------------------|--------------------------|--|----------------|----------------|----------------------|--------------|---------------------|----------------|-------------------|--------------|
| Advantage .  | (Vigrant)                             | 7750 60              | 4750.190                  | 2702.84             | (X 100)<br>3500.24 Sibrator   | (Sta 5)  | 1                   | 0.6121             | 1340               | (X 100)<br>0.4511 R     | Witten   | Pal. Report(4)   | 71,9785                    | 44 0000            | 25.0718                     | 32,4876                  | BENCHMA  | DK C           | OVER           | MMEN                 | T RO         | MIDS                |                |                   |              |
| igheration<br>Refra  | (1,040                                | 255,250              | 196.250                   | 86.909R             | 125.14D Gmeco   | (Co                      | 42.74               | 301,689            | 171.658            | 222,291 P.<br>4,5359 P  | genera<br>Terres New Gast  | Pal. Repetifil<br>(Salten)<br>NO. (Gree<br>(Susuri)<br>(Riesr Sol)   | 1.8338                     | 2.0508             | 0.5690<br>1.1721            | 0.7380<br>1.5179         | DENVIII  |                | OAF            |                      |              |                     | -              |                   | Name .       |
| gesta<br>Hajaran   | Demi                                  | 100.0056             | 58.7690<br>5.8934         | 33.4409<br>3.3530   | 43,3984 Specials  | Charles (Carnel  | 10.9422             | 8.8962<br>2.7000   | 1.8364             |                         | 1912 107 000<br>162001   | Harana (Astronomy)   | 4410.72                    | 2700.00            | 1536.36                     | 1989.51                  | No. or   | Pled<br>Date   | Coupen         | Rid<br>Price         | MA E         | Sey chy Y<br>victor | es ang<br>Yaid | Marish<br>the yis | TOTAL MAN    |
|  | (Firence Fr)<br>(Sip Penetra)         | 9 6275<br>243.937    | 149.325                   | 84 9717             | 110 037 Gandalouge  | (E Carth S)<br>(Franch Fr)                                   | 9.6275              | 8.8834             | 3.3536             | 4.3428 P                | act.   | (Rew Set)  | 4,5444                     | 2.8430             | 16178                       | 2.0950                   | May 25   |                |                |                      |              | _                   |                | Call Sec          |              |
| nggiu  | Field (western)                       | 420044.3             | 257128.0                  | 146311.6            | 1894757 Guera   | (US S)<br>(Ductzni)  | 1.6336              | 6.291B             | 0.5699             | 0.7368 P                | telleperati<br>Territor il   | (Peso)<br>(C. Slewing)   | 69.1367                    | 38.5500<br>0.8121  | 21.9933<br>0.3483           | 28.4809<br>0.4511        | America  | 04/00          |                |                      | 4.96         | +0.01               | -0.09          |                   | -1.5         |
| موالد  | E Card D                              | 4.4107               | 27000                     | T 5364<br>0.6887    | 1,9866 Gratemaja<br>0,7984 Chines   | (CHASTER)  | 70.2785<br>1897.88  | 1223.00            | 35612<br>695.914   | 4,6365 P<br>901,220     | 1039 4   | p. semmy<br>PE S)<br>(200)   | 2,0496                     | 1.8969             | 1.0823                      | 1.3757                   |  | 1(4)37         | 10.000         | 131.9352             | 5.54         |                     | -0.13          | -0.14             |              |
| rgele<br>aligus<br>aguadus<br>rmaria                                     | (Pess)                                | #50 1550<br>#50 1550 | 0.9884<br>802.388         | 285.898             | 370.200 Guines Doba   | ETA FOR  | 962 750             | 689.34)            | 335.357            | 431,286 P               | alami .  | (2)009   | 5.5551                     | 3.4005             | 1.9368                      | 2.555                    | Ametric  | 08/99          | 7.000          | 103.5700             | 4.12         | -0.02               | -0.03          | -                 | +0.2         |
| raha<br>Asirefia   | (Cityan)<br>(Florin)                  | · 29242              | 1,7900                    | 1.0186              | 1.5190 Supara   | (Dispusse 1)   | 25.729              | 144,300            | 82 TO 188          |                         | terangal<br>Lumbo Pileo  | (5 S   | 293,966                    | 179.950            | 102,399<br>0,5690           | 132,604                  | _  | 87A17          | 5.525          | 104.5900             | 4.88         | -8.01               | -011           | -9.03             | -0.6         |
| sid.   | (Am S)                                | 2.5838<br>20.2016    | 1.5817<br>12. <b>3683</b> | D.0000<br>7.0369    | 9.1126 Hatt   | Goards   | 27 9874             | 10.9487            | 0.6462             | 12,4894                 | CHID 1999  | •  | 1200                       | -                  |                             |                          | Delphon  | 01/00          | 4.000          | 99.7000              | 4.18         | +0.03               | -0.00          | +0.02             | +0.4         |
| estro<br>rectorjan   | (Scaling)<br>(Marie)                  | 202010               | 3950.00                   | 2247.64             | 2910.73 Hoodures  | (Lampira)  | 21.7432             | 13.3100            | 7.5737             | 9.8080 0                | leinr .  | (FFO   | 6.9463                     | 3,8400             | 20712                       | 2.6823                   | -  | 03/07          | 6,250          | 106.6800             | 5.01         | -0.01               | -0.07          | _                 | -0.9         |
| Tened  | (Pors Escuelo)                        | 293.986              | 179.950                   | 102,286             | 132.604 Hone Yong   | (filk 5)<br>Fociali  | 12,6563<br>342,535  | 7.7475             | 4.4086<br>119.313  |                         | 10,000 is. dir 11<br>1000-11   | (nin)<br>Lesi  | 9.5275                     | 5.8934<br>8497.50  | 3.3536<br>4835.41           | 43(2)<br>(251.74         | Country  | 09/90          | 4.750          | 99,5100              | 5.14         | -0.02               | -0.09          | +0.05             | +0.6         |
|  | # ·                                   | 1.6336               | •                         | 0.5286              | 0.7369  | lucani   | <b>,</b>            | و محمیم            | 119314             | R                       | to the last of the | (Florate)(T)   | 10.0524m                   | 6.1536             | 3.5016                      | 4536                     |  | 06/07          | 7.250          | 113.2000             | 5.37         | -0.01               | -0.06          | +0.03             | -1.1         |
|  | (Shekares, 3)<br>(Check)              | 0.6158               | 0.3776                    | 0.2145              | 0.2778 instead  | (columbic Krens)   | 115.855             | 70.9200            | 40.3562            |                         | -  | (FIT)  | 502.579                    | 307.820            | 175,043                     | 225,683                  | Discounts.   | 12/96          | 6,000          | T01.9000             | 4.68         | -0.03               | -0.07          | +0.22             | +0.          |
| - Company Inc.   | City Proside                          | 243.937              | 149.325                   | BA,5777<br>28.3465  | 118 037 ledia<br>34.1161 indocesia  | (Indian Report) (Puplish) (Phil) (Ithir) (Ithir) (Ithir)     | 66.4222<br>17888.0  | 40.060g            | 23.1371<br>8230.97 | 29.9821<br>8088.97 S    | Christophur  | A Card S   | 44107                      | 2,7000             | 1.5364                      | 1,9886                   |  | 11/07          |                |                      | 5.21         | -0.02               | -0.07          | +0.02             | -12          |
| menter o<br>migliolezit<br>minatos<br>denes<br>deglera<br>deglera<br>min | (Tetal)                               | 75.6358<br>3.2857    | 46.3000<br>2.0113         | 1.145               | 1.4821 (00)   | (1)  | 4900,804            | 3000.00            | 1707.07            | 2210.68 5               | Helent   | 四  | 1                          | 0.6121             | 0.3483                      | 2.4571                   | Pinisted   | 01/90          |                | 1043620              |              | -0.02               | -0.09          | -0.01             | +0.0         |
|  | (Barb 5)<br>Floutie                   | 110268 00            | 67500.0                   | 38409.0             | ATTEL TO  | (test) (test)  | 0.50790             | 0.3109             | G.1769             |                         | 2 Lucik  | E CHO 2  | 4 4107                     | 2.7000<br>5.8934   | 1,5364<br>3,3536            | 1.9886                   | -  | 04/06          |                | 114,8480             | 3.78<br>4.93 | -0.03               | -0.08          | +0.01             | -13          |
| ighter.  | (Boin Fr)                             | 59.2180              | 36.2500                   | 28.6276             | 18.7124 (MISS PAR)<br>1.4728 (185 PAR)  | (test) (Sine)  | 1980.32m<br>1.1410  | 1200.00<br>0.8984  | 682.827<br>0.3974  |                         | i Plant & Niigo<br>ii Chemii   | E Cardo Si   | 9.6275                     | 2,7000             | 1.5364                      | 4.3428<br>1,9898         |  |                |                |                      |              |                     |                |                   |              |
| alice .  | 8.5                                   | 1.2572<br>962.750    | 2,0000<br>589,349         | 335.357             | 434.280 tend  | (Parti)<br>(Partin)  | 5.9C35              | 3.8383             | 2.0783             | 2.6810 S                | en Starteo   | etalan Urai  | 2831.11                    | 1733-05            | 986, 172                    | 1277.97                  | Praecu   | 01/00          | 4.000          | 99.8500              | 4.09         | +0.01               | -0.03          | -0.01             | +0.          |
| TER<br>TERROTT   | (CFA Pr)                              | 1 5336               | 1                         | 120                 | 0.7369 kaly   | (Link)   | 2631 11             | 1733105            | 996.172            | 1277 07 9               | eo Ioma  | ((a)(x))<br>((00(x))   | 3904.20                    | 2390.00            | 1359.98                     | 1701.37                  |  | 10/04          |                | 111.0900             | 4.70         | -0.01               | -0 DB          | -0.01             | -            |
| TOTALI)<br>India<br>Mala   | (Hautersta)<br>(Hatchild)             | 66 4222              | 45,6800                   | 23.1371             | 29.9621<br>4.0603. Jameica  | Linevalcan Si  | 58,8813             | 36.0500            | 20.5133            |                         | ضربة قيد   | (CSA EU  | 6.1270<br>962,750          | 3.7906<br>586.340  | 2.1342<br>335.357           | 27638<br>434,260         |  | 10/07<br>10/25 |                | 104.0500<br>107.2100 | 4.95<br>5.48 | -a.m                | -0.07          | +0.02             | -0.<br>-1.   |
| MACE.  |                                       | 9 0011<br>6.3695     | 5.5100<br>3.8986          | 3.1354<br>2.2185    | 2.8729 James  | (Yea)  | 221 686             | 135,705            | 77.2214            | 100 S                   | enegal<br>projekta   | (Rodert)   | 8.3804                     | 5.1300             | 2,9191                      | 3 7803                   |  |                | 97000          |                      |              | -4011               | -0.09          |                   |              |
| identali<br>Val  | (Pole)<br>(Posit)                     | 7.8813               | 1 1516                    | 0.8653              | C.B465 Jordan   | (Jorganium Dieser)   | 1 1615              | 0.7110             | 0.4048             | 0.5230 5                | ierra Laoné  | (Leone)  | 1470.24                    | 900.000            | 215.150                     | 863.203                  | Contract of the Contract of th | 09/99          | 4.000          | 100.0500             | 3.65         | -                   | -0.02          | -0.04             | +0.          |
|  | (Brazol S                             | 26718                | 1.6355                    | 0.5307              | 1.2052  | (Consult   | 125.550             | 76,8800            | 43,7351            | 58.6075 SI              | pridebose  | (5)  | 2 <i>6</i> 718<br>95,4708  | 1.6355             | 0.9307                      | 1,2052                   |  | 11/04          |                | 114,9500             | 4.75         | -0.01               | -0.06          |                   | -0.          |
| ngana<br>Prima Fello<br>(190)  | (Love)                                | 2050 53<br>982 750   | 1750.45<br>588.340        | 998.04\$<br>335.357 | 1788-09 Kazaliktan<br>434-780 Kenya   | (Tongo)<br>(Kanya Shiffing)<br>(Restation 6)                 | 103.244             | 63.2000            | 25 06757           | 48.5716 9               | ichings<br>Sedim<br>pròmbons   | (Tolar)  | 257.576                    | 163.795            | 93,2057                     | 120,688                  |  | 07/07          |                | 107.7090<br>114.6600 | 4.93         | -0.01<br>-40.00     | -0.0a<br>eq.o- | +0.01             | -0.<br>-1.   |
| Mine Fello   | (CFA F1)<br>(hydd)                    | 10.2059              | 6.2517                    | 3.5572              | 4.5155 (Orbot)  | Pleastalles (C)  | 2.5538              | 1.5817             | 0.9000<br>1.2519   | 1.1955 G                | عا ممجعت   | 6  | 7,8362                     | 4.7969             | 2,7295                      | 3.5346                   |  | 07/27          | •              |                      | 548          |                     |                |                   |              |
| ned .  | (Bureact Fr)                          | GB2.221              | 405.375                   | 230.668             | 298,716 Koren Hertit<br>Koren South   |  | 3.5339<br>2280.09   | 2.2000<br>1383.50  | 1.2519<br>787.265  |                         | penal Rep<br>anti Aldan  | Georgia Contraction of the Contr | 8.3134                     | 2620.00<br>5.0690  | 1490.84<br>2.8958           | 3,7500                   | أعجابط   | 04/88          |                | 100.8400             | 5.17         | +0.02               | +0.05          | -0.23             | -0.          |
|  |                                       | 6281 19              | 3945.00                   | 2187.88             | 2033.25 Resent  | (Vice)   | D.4896              | 0,3059             | 0.1740             |                         | pain   | (String)<br>(Feed)<br>(Pessin)   | 363.937                    | 149.325            | 84,9717                     | 110.037                  |  | 08/05          | £000           | 118.7600             | 5.14         | -001                | -0.07          | +0.05             | -1.          |
| erbode<br>Econo  | (150 F1)                              | 962,750              | 580.240                   | 335.357             | 434 280   |  |                     |                    |                    |                         | panisi Ports II  | N Abres (S)  | 243.537                    | 149,325            | B4.9717                     | 110.037                  | Haly   | 05/00          |                | 102.7300             | 4.52         | -                   | -0.00          | -0.02             | -1.          |
| Marks .  | Committee Si<br>Sir Persons           | 2.3693               | 7                         | 0 8253<br>84,9717   | 1,0688 Lans<br>110,037 Labou  | pien tipi<br>Exis  | 2281.90<br>0.9631   | 2009.CO<br>0.5886  | 1143,17<br>0.3355  | 1480.42                 |  | Penning  | 2433                       | 149.53             | 043217                      | 140,047                  |  | 05/02          |                | 105.3600             | 4,75         | -                   | -0.04          | -0.01             | -1.5         |
| MAY IS   | (Cir Pesetta)<br>(Cir Becado)         | 243 937<br>163,532   | 149,325                   | 58.9630             | 73.7968 Letanon,  | Laborator II   | 2471.84             | 1513.13            | 867 027            | 1115.01 Sr              | ri (unica  | (Augest)   | 104.555                    | 64 2050            | 35.5351                     | 47.3122                  |  | 97/07          |                | 111.7500             | 5.12<br>5.83 | -                   | -0.07          | +0.03             | ~2:<br>-2:   |
| Wandle<br>passage is   | (C) 20<br>(C) 69(5000)                | 1 3530               | 0.8242                    | 04713               | 0 6103 Lexago   | (Laterpoor 12)<br>(Matuli)<br>(Literian St<br>(Lityan Diner) | 8.2134<br>1.5338    | 5.0899             | 2.8958<br>0.5890   | 3.7500 Sc<br>0.7369 Sc  | edan Rep<br>udada  | (Cineri<br>(Subsect)   | 263,483                    | 161.290<br>401.000 | 91,7776<br>228,178          | 118.853<br>295.494       |  | 11/25          |                | 122,8000             |              |                     | -0.07          |                   | _            |
| ·电梯 Rep  | CFA Fri                               | 962,750              | 589.340<br>589.340        | 335.357<br>335.357  | 434,280 Libya<br>434,280 Libya  | / Department by  | 0.6265              | 0.3835             | 0.2182             | 0.2826 S                | 1000<br>1000<br>1000<br>1000<br>1000<br>1000<br>1000<br>100  | (const.)   | 8.3T34                     | 5.0890             | 2,8958                      | 1/900                    | محوظ   | 03/00          |                | 110.8200             | 0.37         | -0.03               | -0.02          | -0.16             | -0.          |
| ed<br>La   | (CFA Fr)                              | 962,790<br>740,918   | 453.550                   | 758-089             | 334.218 Liechtebetein   | Switz Ri   | 2.3891              | 1.4625             | 0.R322             | 1,0777 S                | weden  | furnament.   | 12.5610                    | 7.8891             | 4,3754                      | 5.6680                   |  | 12/02          |                | 117.7100             | 0.83         | -0.04               | -0.06          | -0.27             | -1.          |
|  | (2016m; Peacl<br>(Year)               | 13.5256              | 9.2796                    | 4.7714              | 6.1012 LEMEN  | (Litze)<br>(Litz. Fr)  | 8.5346              | 4.0003<br>38.2508  | 2.2753             |                         |  | FQ<br>ED   | 2.3291<br>65.3440          | 1 4625<br>40 0000  | 0.8322<br>22.7809           | 1 <i>5777</i><br>23 6757 |  | 09/05          |                | 112.0300             | 1.27         | -0.04               | -0.06          | -0.31             | -1.          |
| وقبط   | (Cd) Proces                           | 2278-06              | 1394.50                   | 793-524<br>251-953  | 1027.60 Listeratory,<br>376.296   | (COR 14)   | <b>59.2180</b>      |                    | 2002/0             | 25.7174 Sy              | 714<br><b>11</b> -20   | ä  | 54.90E)                    | 33.6105            | 19 1257                     | 24,7873                  |  | 09/17          |                | 113,7700             | 2.13         | -4.03               | -0.05          | -0.31             | -1           |
|  | GTA FO                                | 727 358<br>962 750   | 992 J40                   | 335,357             | 434.250 Mecan   | (Pataca)   | 13.0788             | 8.0082             | 4.5557             |                         | a special  | (CFA Fr)   | 1096 86                    | 645.950            | 350,129                     | 478.733                  | Netherlands  | 11/99          |                | 104.7500             | 4.07         | -0.03               | -0.06          | -0.02             | +0.          |
| alita (Challeil)<br>alita  | Calculati                             | 217260.0             | 1,33000.0                 | 75880.0             | 98008.7 Macedonia<br>186.839 Macedonia  | (Denar)<br>pag Frj<br>(Port Escudo)                          | 88.8572<br>8502.74  | 55.0089<br>5280.00 | 31.2994<br>2993.06 |                         | halland<br>ago filippi   | (254.50)<br>4754.50  | 84,2414<br>962,750         | 39.325G<br>589.34G | 22,3774<br>336,367          | 26.97\$3<br>434.290      |  | 02/07          | 5,750          | 105,8800             | 4.90         | -0.01               | -0.08          | -0.01             | -0.          |
| Sta faca   | (Colon)                               | 414.199              | 253.560<br>589.360        | 144.278<br>335.357  | 19(1.039 Madagaser<br>434.290 Madelin<br>4.6917 Madelin<br>16.9485 Madagata<br>0.3822 Madagata<br>23.6201 Mad Rep | Peri Escudo)   | 202,968             | 179.950            | 102.990            | 133 604 To              | mes is   | (Pa'mont)  | 2 5838                     | 1.5817             | 0.9000                      | 1,1655                   | New Zealend  | 02/00          |                | 98.3041              | 7.56         | +0.04               | +0 05          | -0.05             | +0.          |
|  | (CFA Fr)                              | 962.750<br>10.3787   | 355.34                    | 3.6152              | 4.0017 Makes  | (Planting)<br>(Planting)<br>(Perfyra)<br>(SFA Pr)            | 42.5798             | 3E-0620            | 14.8315            | 19.2071 70              | indadi Tabaga  | [5]  | 10 1539<br>1.8645          | 0.2230<br>1.1413   | 3.5410                      | 4.5857<br>0.8410         |  | 11/06          | 8.000          | 108 8325             | 6.59         | ~                   | -0.13          | -0.20             | -0.6         |
| palia<br>ha  | (بوساغ<br>(1)مورم <del>استدرا</del> ز | 35 5726              | 23.0000                   | 13.0875             | 16.9485 Militysia<br>0.3822 Militysia iy  | San Charles  | 5.1998<br>19.2275   | 3,7953<br>11,7700  | 2.1586<br>6.8974   |                         | stisie<br>stay   | (Dicar)<br>(1881)  | 416086.8                   | 254005.0           | 0.5134<br>144 <b>9</b> 31.3 | 187582.8                 | -  | 01/98          | 9.000          | 102,6800             | 4.79         | +0.07               | +0.17          | +0.30             | +0.          |
| pros<br>ICR Rep  | (Cipos 1)                             | 0.8474<br>52,1413    | 0.5167                    | 18,1626             | 23.6201 Mad Rep   | (SFA Pr)   | 962,750             | 526.340            | 335.357            | 434,280 To              | onto & Calcos  | <b>25 9</b>  | T_6396                     | 1                  | 0.9880                      | 0.7389                   |  | 01/07          | B.750          | 108.2500             | 5.52         | +0.07               | +0.02          | 48.19             | -0.          |
| ICH SEP  | Percent<br>Contributions              | 10.9422              | 8.6982                    | 3.8115              | 40140 4044  | Districts Link   | 9.6275              | 0.3518<br>5.8934   | 0.2230<br>3.3638   | 0.2985 Tu<br>4,3426     | Jedio  | ي م <del>طمعين</del>   | 2.5636                     | 1.5817             | 0.9000                      | 1.106                    | Pertogal   | 03/90          | 8,500          | 103.3400             | 422          | -0.01               | -084           | +0.00             | -1,          |
| nnyd<br>hoeld fleg<br>autica   | (Open Fri                             | 200.322              | 177 770                   | 107.127<br>1.5364   | 130.007 Marketone<br>1988 Marrison<br>11.0018 Marrison<br>2013.23 Marriso   | (Local Fr)<br>(Dugdyn)<br>gazar Rapod<br>(Modern Post)       | 290.199             | 177.825            | 101.076            | 130,891 14              | pande<br>krains  | إرجائدة مجدن   | 1976.66                    | 127HAD             | 688.517                     | 881.540                  |  | 02/07          | 6.625          | 110.5100             | 5 09         | -                   | -0.06          | +0.05             | -12          |
| marico<br>culturas flas  | (E Care S)                            | 4 4107               | 2,7000<br>14,9300         | 8.4655              | 11.0018 Months  | paramer Starpool   | 35.2718             | 23,7950            | 13.5403            |                         | krains   | (Hrysta)<br>(Delagasy  | 3.3607                     | 2.05/2             | 1 1706                      | 1.5159                   | - Reads  | 07/99          | 7.400          | 103.5400             | 400          | -0.03               | -0.01          | +0.01             | -01          |
|  | (Secret                               | 8453.470             | 5174.75                   | 2944.55             |   | (Median Post)  | 14 1217<br>7.7433   | 4,7400             | 4.9191<br>2.6072   | 8.5701 U.<br>3.6929 Ur  | A E  | E Company  | 8.0007                     | 3.8730<br>0.6121   | 2,0971<br>0.3483            | 27065<br>0.4311          |  | 03/07          |                | 116.9809             | 5.05         | -9.02               | -0.08          | +0.01             | -1.5         |
|  | Albert 1                              | 8435.090<br>6.5812   | 5163.50<br>3.4165         | 2935.15             | 25.176 Moneco<br>6.4515 Moneco<br>434.260 Moneco<br>10.3600 Moreco<br>5.1761 Mozantique                           | (Lord<br>(Posteth Fr)  | 9.6275              | 5.8634             | 2.6972             | 4369                    | ستنوعاً البحد<br>مصلوعاً البحد   | 45 \$  | 1.6338                     | 1                  | 0.5880                      | g 7366                   | Straden  | 01/94          | 11.000         | 103.9460             | 4.55         | +0.01               | -0.07          | -0.11             | -0.3         |
| ggi<br>Calmater  | Estates 1)<br>(Color)                 | 14.3022              | 8.7950                    | 4 5516              | 6.4515 Monosile .   | (Tuget)  | 1281.98<br>4.6107   | 784.780            | 446.548<br>1.5364  | 578.284 Un              |  | Press Linguisysi   | 18.8996<br>206.651         | 10.3450<br>126.500 | 5.8865<br>71.9834           | 7.6232<br>83.2169        |  | 08/07          |                | 120.7090             | 5.12         | -0.02               | -0.11          | -0.07             | -1.9         |
| Saltadër<br>yaft Agince.<br>Delg<br>Lopiq                                | ETA FO                                | 862,750              | 589,340<br>14,0581        | 305.357<br>8.0002   | 434,200 Morterial<br>10,3000 Morech   | (Strien)<br>(Strien)   | 15,7054             | 2.700g<br>9.8140   | 5.4708             | 7.0845 Ye               | in the same of the | (case)   | 2831.11                    | 1733.05            | 955,172                     | 1277 97                  | Saitzerlend  | 03/06          | _              | 105.300B             | 1.00         | +0.03               | +0.05          | +0.03             | +0.2         |
| Paig   | (Noorl<br>Electric Circ)              | 22 9870<br>11 3802   | 6,9700                    | 3.9861              | 5.1361 Miscontilique  | (Addica)   | 18778.2             | ACC. A             | <b>8540.9</b> 1    | 8470.5B W               |  | (Selection)  | 878.880 <sub>2</sub>       | 538.655            | 305.377                     | 395.457<br>9585.60       |  | 06/07          |                | 111.4700             | 3.03         | 70.03               | -0.02          | -0.10             | -0.4         |
|  | 4-marks 816)                          | 11-2006              |                           |                     |   | gS A Rends   | 8.2134              | 5.089a             | 2,5958             | 3.7500 W                | المجبية<br>المنافعة علي  | (Dong)<br>(US S)   | 21205-8<br>1.6336          | 12981.0            | 7386.48<br>0.5690           | 9565.60                  |  |                |                |                      |              |                     |                |                   | _            |
| Named its  | GMA D                                 | 100000               | 6.6982                    | 0.3483<br>3.6715    | 0.4571 Harabit<br>4.9359 Haray is<br>1.4694 Alguni<br>3.9364 NeBerlands   | Participa S  | 2.5536              | 1.5817             | 0.9000             | 1.7655 VA               | rgin in-(tallis)<br>rgin in-US   | \$5 S  | 1.536                      | i                  | 0,5000                      | 0.7369                   | un(  | 08/98<br>11/04 | 6.000<br>6.750 | 99.2031<br>104.3047  | 5.59         | +0.01               | -0.05          | +0.13<br>+0.05    | -0.1         |
| de is<br>la  | (विकासी (विकास)<br>(दे वृत्ति)        | 10 9422<br>3 2576    | 1 9921                    | 1.1347              | 4.9359 Master In<br>1,4894 Magasi   | Paraletter S)<br>Paraletter Paparal<br>System                | 100.570<br>3.2358   | 63,4000            | 38.0750<br>1 1270  | 48,7190                 | echect States  | (Tales   | 4,8290                     | 2960               | 3 6890                      | 2.1789                   |  | 12/07          |                | 104.3047<br>110.3047 | 5.94<br>5.63 | _                   | -0 11<br>-0.12 | +0.02             | -12<br>-13   |
|  | iggital cytal)<br>ficality and        | 8.7288               | 5 3420                    | 3.0396<br>3.3536    | 19364 Netherlands<br>43428 Netherlands  | CO POSITION  | 2 9242              | 1.9805             | 1.0186             | 1_3190 Ye               | enen (Pap al)  | (1460)<br>(1440)<br>(Herr (Mass)   | 213.985                    | 130,980            | 74.5363                     | 96.5358                  |  | 06/21          |                | 128.2734             | 5.77         | _                   | -0.12          | +0.02             | -1.5         |
| PCS  | <b>6</b> 10                           | 96275                | 5.8334<br>583.340         | 335,357             | 404 200 New Zhaloni   | 6Z S   | 3,0408              | 1.9689             | 1.0523             | 1.3757 Ye               | <b>الأباثلاث</b>   | (Hear Dinas)   | 17.3372                    | 10.6129            | 6,0390                      | 7.8306                   |  | 70/98          |                | 96 9688              |              |                     |                |                   | -0.5         |
| Cryskines  | (CFA Fr)                              | 982,750<br>9.6275    | 5.8834                    | 3.3536              | 4.3428 Hitarigus  | (AZ S)<br>(Cald Cardoba)<br>(CFA Fr)                         | 17.0000             | 10.4450            | 5.9434             | 7 6968 Za<br>434 280 Za | erbie<br>Erbahar   | (Alexandra)  | 319 <u>2.76</u><br>29.8949 | 1955.00<br>18.3000 | 1112.47<br>10.4134          | 1440.62<br>12.4851       |  | 11/04          |                | 98.9660<br>111.5313  | 5.64         | -                   | +0.06          | +0.04             | -0.5<br>-0.5 |
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| 200  | (CFA Fr)                              | 100,130              | 589 340<br>10.1553        | \$35.357<br>\$.7796 | 7.6033  | (Value)  | 147.9574            | <b>\$7.510</b> 0   | 49.7986            | B44855 EC               |  | 65370  | 1,4592                     | 0.8635             | 2,5085                      | 0.6564                   |  | 08/27          |                | 105,8125             | 5.73<br>5.95 | -                   | -0.01          | -5.00             | -1,0         |
| abia .   | (Central)                             | 16.580E<br>7.8786    | 1.7574                    | 3                   | 1.2950 Non-W  | (Str. Treats)  | 121031              | 7,408g             | 4.2159             | 1685 SI                 | Ħ  | (SDR)  | 25000                      | 9.744030           | 0.427900                    | 0.546300                 |  |                |                |                      |              | -0.00               |                |                   |              |
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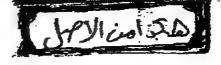
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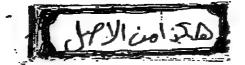
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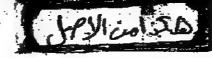
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|   | FINANCIAL TIMES TUESDAY MAY 26 1998 *  | 29   |
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|   | Highs & Lows shown on a 52 week basis WORLD STOCK MARKETS  |  |
| • | ## 14 Part 19  | 675 +2 75 475 575 -2 69 485 1065 -19 185 685 1065 -19 185 685 1065 -19 185 685 1065 -19 185 685 1075 -13 95 963 1075 -13 95 963 1075 -13 95 963 1075 -13 95 963 1075 -13 95 963 1075 -13 95 963 1075 -13 975 1075 -13 |
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| TO ACT LAND  | 0.22<br>0.90  | 69 i  | 奶   |   | 器  | 36 <sup>1</sup> ,                                   |
| 74 ACM GROUPS<br>154 ACM Mass x<br>454 Acme Gest   | 0.90  | <i>2</i>  | 27<br>25<br>1                             | 3   | 3  |   |
| And Action Williams  |   | 3   | 388<br>65#                                | 교   | A.   | 34  |
| ), 16 û Acuseu<br>  22 û Adems Espra<br>  174, Adems   | 0.55  | 20 *  | 1 540<br>1 90<br>14729                    |   | 185  | 18.3<br>27.4<br>20.4                                |
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| 1812 AEL RES 1<br>51 5 Absorb 2<br>7512 ARRC   | 108<br>108<br>138   | 54 H  | 900<br>900<br>900<br>900                  | 23<br>23  |  | 80(i  |
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| 40.5 AirTobe<br>16.5 AirTobe   | 0.60  | 129 N<br>51<br>28 i                             | 10432                                     | 12 %<br>90 %<br>19 %  |  | 443   |
| 20 Annie Ar<br>20 Annie Int  | 12  | 14 1  | 2   | 2   | 2  | <b>1</b>  |
| 284 ABCM<br>244 ABCM   | 624<br>824  | 08 2<br>09 H                                    | 309                                       | *   | 7  | 25  |
| 44 Miles<br>247 Miles<br>27 A Miles  | 0.86<br>0.80  | 15 7<br>25 1<br>15 1                            | 1912                                      | 114   | 20   |   |
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| 37 Alexandra<br>(8) Alexan Cop   | 12  | 12<br>64 3                                      | 1061                                      |   | 4  | 业   |
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| SD-2 Albai<br>39-1 Albai<br>10-1 Aphromat  | 1,08<br>1 16<br>0.18  | 28 14<br>28 24                                  | 777                                       |   |  |   |
| Sig Amer.  | 1.50  | 21 14   | 200                                       | 44  | 71   | 45  |
| 6 Antiques   | 044<br>04   | 67 P  | 105                                       |   | 40   |   |
| 2 Accepted<br>44 Accepted  | 0.30  | Od 13   | 90  | 5   | N.   | 200   |
| 197s Amend Inc.<br>46.5 Amend Inc.<br>197s Am Bas Pet  | 0.60  | 25 17<br>11<br>24 20                            | 6728<br>114                               | 影   | 35   | 교생<br>경상<br>교육                                      |
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| 5 An Both in a<br>25 An Islan Pr   | 178   |   | 74  | 继   | *  | 3   |
| 37 & Actions 2<br>99% Action   | 689   | 17 4  | 152                                       | 뫮   |  |   |
| Big And Opp Int 2<br>Big And Real Es<br>2014 And Start   | 0.00  | 49 g  | 11718                                     | 103   | Š.   | 從   |
| 101 An Wat Ship  | 12  | 44<br>24 19                                     | 93  |   | 3  | ぎ   |
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| 30'5 Austra<br>30'5 Austra<br>51% Austra ist   | 120   | 27 7<br>21 14                                   | 700                                       | 淵   | 3  | **  |
| 1417 Among   | 0.36  |   |   |   | 腦  | 証   |
| 20 hants   | 0.30  | 14 g  | 1972                                      |   | 產  | 號   |
| API Augusta<br>Crit Augusta<br>152 Augusta   | 1.04  | 48<br>29 19<br>18                               | 50%<br>479                                |   |  |   |
| Silly Apacha Co.   | 1.12  | 냁差  | 5180<br>141                               |   | 뺣  | 許   |
| 23 Application 1<br>5 4 Applications   | 0.4   | 26 15   | 178<br>1788                               | 54  | 짟  |   |
| (S. Arcalle )<br>6 Arcalle 1   | 939<br>210  |   | 1400                                      | <b>酮</b>  | W  |   |
| 21 S Armen 2 IP<br>6012 Armen 2  | 2.19<br>1.12  | 다<br>당 18                                       | - TOP                                     | 봻   | 홠  |   |
| 252 Amely<br>34 Amely  | 0.90  | 16  | 1405                                      | が   | Ţ  | 첉   |
| STA Assett t   | 0.10<br>0.18  |   | 翼   | 꽭   | 7  | 7   |
| AND AND PORT   | 7.15<br>0.00<br>0.40  | 강 14<br>12<br>15 명                              | 100                                       | %   | Ž  | 7   |
| 340 AUNT (1)   | 1.20<br>2.80  | 13 M  | gi :                                      | <b>N</b>  | ₩.   |   |
| 70% ARREST (   | 2.65<br>1.00  | ij  | 170E                                      |   |  |   |
| Sig Auch<br>Sig Auch<br>21-4 Auch  | 话   | 28 13 14 12 12 12 12 12 12 12 12 12 12 12 12 12 | - F                                       |   | 27   | 442<br>442  |
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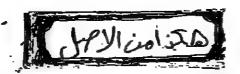
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| US IN  | (D)CES   | 1000  | US DATA  |  | Tow Jos  |  |  | FRANCE   |  |
| ted-stricts  | 22 21 20<br>9114.44 9132.37 9171.48  | 1998 Since completion High Low High Com  \$211.84 7580.42 \$211.84 41.9   | A RAMBET ACTIVITY  |  | 19250  |  | May May May 1996 Sacop<br>25 22 21 May User Majo   | tanplaten May May<br>Lan 25 22   | May 1998 Since completion<br>21 High Low High Low  |
| Home Bonds   | 104.75 104.92 104.85   | (135) (91) (135/96) (9/1/5<br>105.48 104.42 105.48 54.9   | May 22 May 21<br>  MASE  | May 20 M<br>Issues, Yapind<br>547-230 Name   | ing 22 May 21 May 25 ***********************************   |  |  | IS 55.25 CIC 46 4108.71 4049.78  Day's high 4108.71 Day's but 4070.49  283.000.000 In Prints Triatment (CTIVITY  | ts 4198,71 2862.54 4186,71 984,61  |
| Commencent   | 3390.58 3381.87 3384.75  | (16/4) (9/1) (16/4/9/b) (B/2/2  | Amer. 20,805 29,408  | Her Highs  | 3,601 3,508 3,500<br>1,602 1,500 1,472<br>1,712 1,501 1,445 0150<br>607 607 507<br>67 75 60 60 97000   | day H METHE STORES   | p) passes? Mystels<br>5. Chan Day's Monte; Chan Day  | M ACTIVE STOCKS  |  |
| (Alliens<br>Outsel Desiri  | 280.06 280.28 381.29<br>Nga 8392.35 (8245.89) (aw 8740.7   | 197.78 262.65 291.18 16.5<br>(24) (5/1) (244.66) (277.52  | MARDAD 844-253 REC. 162  | 603.606 time Livet   | E 00 60 8700   | 10 Shari Co 18,325.  | of price changes price chan<br>AND 229 14 Ups  | ups chips % traded price chi   | ay's Montay Chee Day's Day's stops thanks there to the term of the |
| Day's High 9164  | 4.26 (6202.37) Low 9077.32 (6104<br>  Poors  | 97) photosopy   | M ACTIVE STOCKS  | DEN'S FAMILY   | PRESE NEED   | Full State \$181.5<br>House Mr 8,733.5<br>hidden Sale \$4,734.   | 000 442 -16 Saring Star 200 +3<br>000 253 -10 Mar Day 221 +2   | 10 +12 itsing 1,873,985 333.5 +1<br>11 +10.5 France Inl 857,585 349.0 -  | 5.35 Sure Disney 106 +12 +128<br>20 Chapter Date 059 +0.06 +11.3   |
| Composite‡   | 1110,47 1114,84 1119,06  | (22/4) (9/1) (22/4/98) (1/6/32  | Tracini price (  | and a second   | lage training other at 2000 T  | S 18 20 21 22 In Th-Abbit 5,003,6  | 20 221 - Prices<br>20 1475 -46 Page Dates 1358 -16   | ED -108 Ber it Pass 478,464 527.0 +  | 11.9 Powers<br>7.0 Acasthe Dev 30.0 -14.1 1-32.5   |
| Page 14  | 135.03 135.68 135.20   | (284) (941) (224/98) (30/8/32<br>148/83 118/65 148/89 7.1   | Chrysir 4,826,800 33A<br>Telmez 1,956,800 48%  | -3 ups<br>-34 ussump<br>+8 css<br>-3 an War 5% :   | 394 +24 +63<br>194 +7 +68<br>394 +71 +68<br>229 +7 +67 FISE Bar  | 1967 1980 Salama Sk. 3,832,6<br>Fellow 2,764,6<br>Salama 300 Salama Sk. 2,822,0  | 200 1588 47 Bt of Regon 521 -4   | 75 Markel 372,046 1292.0 +   | 31 Dep Pusquer 36.0 -3.6 -9.1<br>70 George 315 -2.5 -7.4<br>10.0 Parall Morne 2649 -187 -8.5   |
| Officers<br>MYSE Comp.   | 574.78 576.90 578.83   | (144) (5/1) (144/35) (48/74<br>585.82 A87.81 685.82 4.6   | 3,085,000 22%<br>3,085,000 22%   | -1 Dekty   | 94) -15) -123 1238   | GERMANY  | After Nov Nov 1999 Stone or  | UK   | New 1000 Congressioning  |
| Access Comp  | 730.57 732.38 732.22   | (2)4) (81) (2)456 (2)410<br>753.67 (4)6.41 (763.67 (2)4.21  | Seagle 2,870,508 22%   | -2% Sangta<br>+16 Anhanc   | 224 -116 -47<br>18% -4 -45 1240  |  | 25 27 Maps iden Maps   | im 5 2   | Nay 1998 Since compilation<br>21 Migh Low Migh, Low  |
| MASSING CORP   | 1805.00 1820.99 1831.75  | (2249 (1241) (224496) (1647)96<br>1817.61 1503.22 1917.61 54.81<br>(2249 (9/1) (224496) (3/10/74  | IN MASOAO TRADING ACTIVITY   | to Inchest how   | Talama (\$14,200,000 1230  | clanat DAX 557<br>Day's sign: 5575.45. Day   | /1 hac 9638-02.  | 6 931.18 FTSE 100 to 5965.6 5 Disy't high — Bay's few — ELUSSY,589 TO LOSSION TRADESIS AUTHORY   | 5035.6 9195.00 5060.00 P195.0 966.9  |
| Paccel 2000  | 462.39 467.19 469.54   |   | Friday Stocks Class  | Day's Printer C  | Class Boy's Day's 1220 +   | D GETHE STORES   | I best lines   | W ACTIVE CITICALS  | A SIGNEST MOVERS   |
| -  |  |   | DelCro 22,794,200 85%<br>WhitCon 12,604,700 45%  | -14 the 1  | 130 116 14E1 15EE -  | Heralay Stocks<br>traded   | principality principality  | traded price da  | hage price change singe %<br>tes   |
| RATIOS   | No. 15   | Mary St. Mary 4 Mary and  | Autgest Mar 11,116,000 654   | -3% SalSComi 1   | 114 +% +8.1<br>63% +4% +7.1<br>206 +% +7.5   | Steamer 811,50<br>Destrobe Yal 515,72<br>Commercials 524,22  | 10 1213 +1.3 Natural 121 141.5 +13<br>20 48.6 -0.7 Natural 121 141.5 +13   | 15 +10.5 Beigo Srp 33,743,220 110 +<br>15 +10.3 Uni Trans 31,632,180 1834 +<br>10 +7.6 September 31,632,180 1834 +   | Greshare Hee 26% +15 +73.2<br>Honters Arm 125h +35h +39.4<br>Wyefield Gre 7% +144 +31.8  |
| Down James In  | d. Div. Yold 1.56  | 1.56 1.54 1.71  | Iobi 9,774,700 742<br>Misst 8,986,100 852<br>Paopinst 7,173,600 42%  | Magazina 2<br>Smrtifot 1   | 28% -18% -36.8 7180 -1<br>13% -35.2 15 1<br>22% -15.7  | A 19 20 21 22 Beer 200.15<br>Way 1500  | 5 85.6 +0.3 Opens<br>B 81.5 AU Belows 20.3 -12   | Thousan Ind 11,179,250 193':  Shot Tall 10,459,500 4481:   | -6 tentra Grp 26 -49 -57.7   |
| SAP Ind. DI  | No. yinki 1.30<br>No. yinki 1.30<br>No. yinki 30.98  | May 13 May 6 Year ago<br>1.30 1.20 1.67<br>31.08 30.65 23.89  | CascoSys 0,382,000 76%   |  | 114 -44 -124   | Destrocke Balk 265,41<br>Destrocke Balk 162,08<br>Veneziet 191,29  | 8 161.1 -1.1 Market 1810 -31   | 9 -5.5 Common 9,338,627 160 -<br>5 -5.5 Signet Drp 9,309,217 474 +1  | -2 Poliphand 2% -17 -18.2<br>-2 Shokkerd 7 -1% -17,7<br>-1% Accilent 3% -4% -17.7  |
|  | FUTURES  | Ulay Sales Esser  |  |  |  | 100E381 191,29   | 77.5   | district les 8.154.126 de  | <b>与这个人的开始性</b>  |
| M 242 594  | Open Best p  | da Change High  | Law Est. vol. Ope  | HOR-FORE   |  | ngo High Lon Est. v  | rol. Open int. M CORX  | an Satt-Pros Change High   | East val Open Int.   |
| Am<br>Sep  | 1116.00 1114<br>1133.30 1125   | 20 -4.2 1133.30   |  | 1,828 May<br>1,855 Mar<br>1,855 Mar  |  | 25.0 4000.0 4091.0 15<br>55.0 4000.0 4073.5 5,12   | 77 35,326 Jan 782.6<br>21 22.527 W. SEPTEL   |  | 782.00 B.000 (19.653   |
| ps difidual 225<br>Jun<br>Sun  | Open Salt pr<br>15780.0 1580<br>15790.0 1580   | 0.0 +80.0 15820.0   |  | 1.278 Jul.   |  | \$3.5 \$602.5 HERED 9,75<br>12.0 \$647.5 9696.5  | 70 123,634 Jul 7612 1<br>70 18.278   |  | 7541 0 2,511 19,452<br>76120 47 2,687  |
| Open laterest fig  | D MARKETS AT   |   | tarium se n  |  |  |  | 75,9 173   | The state of the s | 158 15 A 204 9   |
| Double Constitution  | U WANKE IS AT  | A GLANCE  | 1924 Trans   | NE Creative index  | iby liv to   | , 1005 1908 E  | Time in the Country Indian   | de la  | 1998 - Yes - P/E   |
|  | 3  | 22 21 High  |  |  | 5 2 2  | Hgh Low  |  | 25 Z2 21 High  | 1.0e   |
| Approximate .  |  | 2725.9 2735.5 2881.40 1644  | 18237.48 2/1 3,09 11<br>2542.40 12/1 3,38 15   | Since Sold of us po  |  | De meleci dictors  | Par III. Perfogal BV. 30<br>PSI 20   | 9853.81 9536.34 5941 17 6176.89 22/4<br>19403.53 13362.50 13392.07 14292.93 22/4   | 3029.27 271 1.5 4.3.8<br>9031.84 271   |
|  | # Mary 67/3  | 1726.9 2735.5 2000.740 1614<br>637.9 635.2 713.10 2314<br>lote Amili radied a befor 2 per care,   | 25-2-46 12/1 3.36 15<br>\$22.20 13/1   | Chall  | : Some. 2008-11 (2027-19) (201<br>8 (201) 753,74 747-99 74<br>Apported some alones while mandar underly by   | 174 815.62 21/4 394.38 28FI  | ng me Namin RS<br>Shares hat shappy as data sandy as   | 213.44 225.61 230.23 411.81 S/I<br>generational legislation super across 50 per cent.  | 2114 25 0 10   |
| Applica  | Credit Aktion (w)<br>ATX Index 1809-94   | 582.60 (g 582.60 22%<br>1607.10 (g 1888.94 23%  | 437.44 13/1 1.67 TE<br>1245.69 15/1  | 17 Indonesia Jalan   | aria Comp. 450.55 Arg.14<br>Mi broad market. Most action stack Asia: Inter   | pj 594.10 20 342.57 97<br>reduced propert 8.7 per cont.  | 221 17A Shappine SES Al-Space<br>Spals Tires   | 351.79 350.00 352.37 437.98 19/3<br>1314.54 1312.67 1312.65 1660.75 19/3   | 28482 13/1 2.57 14/5<br>167347 13/1  |
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| Still Troubing Greece Ancessing core Heere Kome Tausseur durinde "Ean blay 22: Tea- treated enhant that treated enhant that Accessing E  | DAYS ST7.16  and Red Act of Jap parents  Alberts St. 20 1857-23  idency over government's point  Hang Seng Sc44.53  risc Ted Calp 1266.55  of to beauti hand this year, ASSC  The beauti hand the come to be beautiful to be beautiful to the come to be bea | 2006-01 (2) 10070-10 (2) 5  2006-01 (2) 12073-05 (2) 2006-73 (2) 5  1550.09 1545.74 (2) 10070-10 (2)  1006-01 (2) 1545.74 (2) 10070-10 (2)  1006-01 (2) 1545.74 (2) 10070-10 (2)  1006-01 (2) 1545.74 (2) 10070-10 (2)  2006-01 (2) 10070-10 (2) 10070-10 (2) 10070-10 (2)  2006-01 (2) 10070-10 (2  | 1984.13 29/1 1.82 28. 1953.92 18/1 1953.92 18/1 1964.93 12/1 4.94 14 1964.93 12/1 1964.93 12/1 1964.93 12/1 1964.93 12/1 1964.93 18/1 1964.93 18/1 1964.93 18/1 1964.93 18/1 1964.94 18/1 1964.94 18/1 1964.94 18/1 1964.94 18/1 1964.94 18/1 1964.94 18/1 1964.94 18/1 1964.94 18/1 1964.94 18/1 1964.94 18/1 1966.94 18/1 1 | Polistin Grand Deer steep of mide Polis Unit Polist Wife Polist Wi | 198.81 138.81 128.81 128.11 12 | 25 19621 27 11962 255 24 19623 45 19626 271 251 2311.42 253 19626 271 25 196225 110 192226 1271 25 196225 110 192226 1271 25 27 18 18 18 18 18 18 18 18 18 18 18 18 18   | INS Capital Ints  CAMES - ACCIONES DJ. Store 59 DJ. Barro Str. 50 FISE E 2000  | 1083.5"   1084.3   1085.4   1084.6   11.4     359.40   339.89   49   3396.00 644     342.42   3397.39   35971.39 225     1744.39   1771.76   1228.75   1258.00 644     40   227.14   22.15   273.97     40   147.00   144.62   180.08 224     40   47.00   144.62   180.08 224     40   47.00   144.62   180.08 224     50   50   50   50     50   50   50   | 207-039   127    100   100   |
| State Transitions Greece Accounting comp Theory, Komp Theory, Komp Theory, Komp Theory, Control Theory, Contro | DAYS SST5.16  And the last of lap parases  Alberts SE 20 1857.23  Minor over government's potenti  Hang Song SS44.53  MSCC Red Culp 1286.55  IS to beant hand the year, ASSC  In the balls are mainted during the day  BY 186  I 186  I 187  I 188  I 189  I 1 | 1866.42      18678.40   25/5   2808.48   2873.98   2808.78   25/5   1550.69   1545.74   1869.48   280   1550.69   1545.74   1869.48   280   1560.69   1545.74   1869.48   28/5   28/5   128/  | 1001.13 29/1 1.82 28. 105.00 18/1 1.82 28. 105.00 18/1 1.82 28. 105.00 18/1 4.94 10 106.00 13/1 4.94 10 106.00 13/1 4.94 10 106.00 13/1 4.94 10 106.00 13/1 4.94 10 106.00 18/1 18/1 18/1 18/1 18/1 18/1 18/1 18   | Polistics Canada Desert Attack Control of State Control o | Comp   | 24 1902.01 45 1902.00 255 24 1902.01 45 1902.00 255 25 1902.01 45 1902.00 271 25 1902.00 11/3 1922.20 1271 25 1902.00 11/3 1922.20 1271 26 1902.00 11/3 1902.20 1271 27 10/3 10/3 10/3 10/3 10/3 10/3 10/3 10/3  | ## ## ## ## ## ## ## ## ## ## ## ## ##   | 1083.0°   1084.3   1085.4   1084.0   114.5   114.5   1083.0   1085.0   10   | 2074.05 1271 100 100 2074.05 1271 2086.05 1271 2074.05 1271 2086.40 1271 100 100.25 1271 100 1 |
| Stall Troubing Greece Accounting core Heavy, Kome Taurover durische "See May 22 Tele Television Colore Account  | DAYS   5575.16   follow list of lop parents follow list of lop parents FISSASS 20   1697.23   filmon over government's private frang Sang   544.53   filmon over government's private frag Sang   544.53   filmon list   1268.55   filmon list   1268. | 1866-18   1867-18   256-18  | 1001.13 29/1 1.82 28.  105.30 18/1  105.30 18/1  105.30 18/1  105.30 18/1  1001.00 12/1 4.94 14.  1001.00 12/1 4.94 14.  1001.00 12/1 4.94 14.  1001.00 12/1 4.94 14.  1001.00 12/1 4.94 14.  1001.00 12/1 4.94 14.  1001.00 18/1 18/1 4/1 19/1 19/1 19/1 19/1 19/1 19/1 19/   | Publish Email Common Co | ### 158.81 128.81 128.51 128   | 24 1902.01 45 1902.00 255 24 1902.01 45 1902.00 255 25 1201.42 256 1906.00 97 25 1902.20 11/8 1922.20 12/1 25 1902.20 11/8 1922.20 12/1 25 1902.20 11/8 1922.20 12/1 25 1902.20 11/8 1902.20 12/1 25 1902.20 11/8 1902.20 12/1 25 1902.20 12/1 25/2 25/2 25 1902.20 11/8 17 12/2 25 1902.20 11/8 17 12/2 25 1902.20 11/8 17 12/2 25 1902.20 11/8 17 12/2 25 1902.20 11/8 17 12/2 25 1902.20 11/8 17 12/2 25 1902.20 11/8 17 12/2 25 1902.20 11/8 17 12/2 25 1902.20 11/8 17 12/2 25 1902.20 11/8 17 12/2 25 1902.20 11/8 17 12/2 25 1902.20 11/8 17 12/2 25 1902.20 11/8 17 12/2 25 1902.20 11/8 17 12/2 25 1902.20 11/8 17 12/2 25 1902.20 11/8 17 12/2 25 1902.20 11/8 17 12/2 25 1902.20 11/8 17/2 25  | ## ## Capital less  ## ## ## ## ## ## ## ## ## ## ## ## ##   | 1083.0°   1084.3   1085.4   1084.0   11.4     359.40   339.89   49   3396.00   64     342.42   3397.39   23   3397.39   25     1704.39   1771.79   1228.75   1258.00   64     60   227.14   223.15   273.97   285.00     60   227.14   223.15   273.97   285.00     60   227.14   223.15   273.97   285.00     60   107.16   144.62   180.00   224     60   144.62   180.00   224     60   18   18   18   18   18     60   18   18   18   18     60   18   18   18     60   18   18   18     60   18   18   18     60   18   18   18     60   18   18     60   18   18     60   18   18     60   18   18     60   18   18     60   18   18     60     60     60     60     60     70    | 2074.05   127    100   100   2074.05   127    2074.05   127    2074.05   127    2074.05   127    2074.05   127    2074.05   127    2074.05   127    2074.05   127    2074   207   |
| Stall Troubling General Accounting correl Heavy Kome Transporer destricts  "San May 22 Tea- transfer shall be a series of the se | DAYS   5575.16   568   5675.16   568   568   567   569   5685.273   5675.28   5685.273   5675.23   5685.273   5685.23   5687.2 | 2806-02   128   1887-03-05   256   256   256   257   258   2  | ### 1201 12 25 25 25 25 25 25 25 25 25 25 25 25 25   | Polistics Control of State Control of St | ### 158.0   1180.0   1705.0    | 24 1902.01 45 1902.00 255 24 1902.01 45 1902.00 255 25 1902.01 45 1902.00 271 25 1902.00 118 1902.00 271 25 1902.00 118 1902.00 1271 26 1902.00 118 1902.00 1271 26 1902.00 118 1902.00 1271 27 1902.00 118 1902.00 1271 28 1902.00 118 1902.00 128 1902.00 128 28 1902.00 118 1902.00 128 1902.00 128 28 1902.00 118 1902.00 128 1902.00 128 28 1902.00 128 1902.00 128 1902.00 128 28 1902.00 128 1902.00 128 1902.00 1902.0 | ## ## Capital Ints  ## ## ## ## ## ## ## ## ## ## ## ## ##   | 1083.5"   1084.3   1085.4   1084.8   11.4   1083.8   40   338.00 64   302.42   3371.30   3371.30   2371.   | SPARS 1271   Tell   T   |
| Stall Troubling General Ancounting correl Heats, Kome Transcent destrole "San May 22 Tele Transcent destrole "San May 22 Tele Transcent destrole "San May 22 Tele Transcent destrole Accion Eq. Accion | DAVE   5575.16    and Red But of Jap parasez  Albama SE   1597.23    1597.23    1597.23    1597.23    1597.23    1597.23    1597.23    1597.23    1597.23    1597.23    1597.24    1597.25  | 2806-02   123 1867-03 25/5   1850-03 25/5   1850-03 1845-74   1860-03 25/5   1850-03 1845-74   1860-03 25/5   1850-03 25/5   1850-03 25/5   1860-03 25/5   1850-03 25/5   1  | 1001.13 29/1 1.92 28.  105.38 18/1 1.92 28.  105.38 18/1 1.92 28.  105.38 18/1 1.94 1.94 1.1  1001.00 12/1 4.94 1.1  1001.00 12/1 4.94 1.1  1001.00 12/1 4.94 1.1  1001.00 12/1 4.94 1.1  1001.00 12/1 4.94 1.1  1001.00 1.1  1001 | Polician Canada Denor Steply at mice Polician Canada Part - 1227, 1 Correction Canada  | ### 158.0   1180.0   1705.0    | 24 1902.01 45 1902.00 255 24 1902.01 45 1902.00 255 25 1902.01 45 1902.00 271 25 1902.00 118 1902.00 271 25 1902.00 118 1902.00 1271 25 1902.00 118 1902.00 1271 25 1902.00 118 1902.00 1271 25 1902.00 127 127 127 127 127 127 127 127 127 127  | ## ## ## ## ## ## ## ## ## ## ## ## ##   | 1083.5"   1084.3   1085.4   1084.8   1184   1385.0   64   3385.0   64   3385.0   64   3385.0   64   3385.0   64   3385.0   64   3385.0   64   3385.0   64   3385.0   64   3285.7   1285.6   7184.3   1271.7   1285.7   1285.0   285   1285.0   64   2857.1   2851.0   2858.0   64   2877.1   2851.0   2868.0   64   485.0   144.6   180.0   224   144.6   180.0   224   144.6   180.0   224   144.6   180.0   224   144.6   180.0   224   144.6   180.0   224   144.6   180.0   224   144.6   180.0   224   144.6   180.0   224   144.6   180.0   224   144.6   180.0   224   144.6   180.0   144.6   180.0   144.6   180.0   144.6   180.0   144.6   180.0   144.6   180.0   144.6   180.0   180.0   144.6   144.6   180.0   144.6   144.6   180.0   144.6    | SPARS 1271   Tell   Tell   |
| Stall Troubling General Accounting contain Heating Home Transovar durindle Transovar duri | DAYS   5575.16   568   5675.16   568   568   567   569   5685.73   5675.26   5685.73   5675.23   5685.23   5687.23   | 1966-19   1967-19 255   1969-19 255   1960-19 1965-1965-1965-1965-1965-1965-1965-1965-  | 1001.13 29/1 1.92 28.  105.38 18/1 1.92 28.  105.38 18/1 1.92 28.  105.38 18/1 1.94 1.94 1.10  1001.00 12/1 4.94 1.10  1001.00 12/1 4.94 1.10  1001.00 12/1 4.94 1.10  1001.00 12/1 4.94 1.10  1001.00 12/1 4.94 1.10  1001.00 12/1 4.94 1.10  1001.00 1.10 1.10 1.10  1001.00 1.10 1.1  | Politicism Consect Accept and making the making from the making the making from the making the making and maki | Comp   1790.02   1795.01   1705.01   1705.01   1705.01   1705.02   1705.01   | 24 1902.01 45 1902.00 255 24 1902.01 45 1902.00 255 25 1201.42 256 1902.00 271 25 1201.42 256 1902.00 271 25 1201.42 256 1902.00 271 25 1201.42 256 1902.00 271 25 1201.42 256 1902.00 271 25 1201.42 256 1902.00 271 25 1201.42 257 180 257 258 257 258 257 258 258 258 258 258 258 258 258 258 258   | ## ## ## ## ## ## ## ## ## ## ## ## ##   | 1083.0°   1084.3   1085.4   1084.8   1184   3398.00 644   3398.00 644   3398.00 644   3398.00 644   3398.00 644   3398.00 644   3398.00 644   3398.00 644   3398.00 644   3398.00 644   3398.00 644   3398.00 644   3398.00 644   3398.00 644   3398.00 644   3398.00 644   34988.00 644   34988.00 644   34988.00 644   34988.00 644   34988.00 644   34988.00 644   34988.   | 2074.89   127    128    127    2468.81   127    127    127    127    128    127    127    128    127    128    127    128    1   |
| Stall Troubling Greece Accounting conti- Heavy, Home Transovar durindle "San May 22 Tele Heavier durindle Account to Acco | DAVIS  | 1966-19   1967-19 25-5   1968-19 27-5   1968-19 196-5   1968-7  | 1201.13 25/1   | Politicism Grand Denot attempt and michael Politicis Maria Politic Maria Politicis Maria Polit | ### 1500 #### 1500 ### 1500 ### 1500 ### 1500 ### 1500 ### 1500 ### 1500 #### 1500 #### 1500 ### 1500 ### 1500 ### 1500 ### 1500 ### 1500 ### 1500 ### 1500 #### 1500 #### 1500 #### 1500 #### 1500 #### 1500 #### 1500 ##########  | 24 1902.01 45 1902.00 255 24 1902.01 45 1902.00 255 25 1201.42 256 1902.00 271 25 1201.42 256 1902.00 271 25 1201.42 256 1902.00 271 25 1201.42 256 1902.00 271 25 1201.42 256 1902.00 271 25 1201.42 256 1902.00 271 25 1201.42 256 1902.00 271 25 1201.42 271 25 254 255 254 255 254 25 256 256 256 256 256 256 25 256 256 256 256 256 256 25 256 256 256 256 256 25 256 256 256 256 256 25 256 256 256 256 25 256 256 256 256 25 256 256 256 25 256 256 256 25 256 256 256 25 256 256 256 25 256 256 256 25 256 256 256 25 256 256 25 256 256 25 256 256 25 256 256 25 256 256 25 256 256 257 256 2 | ## ## ## ## ## ## ## ## ## ## ## ## ##   | 1083.0°   1084.3   1085.4   1084.8   1184.     389.40   339.88   49   3395.00 64     342.42   3377.30   49   3377.39   225     1704.39   1727.78   1226.75   1253.63 64     64   2827.73   2811.68   2828.66 64     60   227.14   223.15   223.71 287     64   143.60   144.62   180.08 224     143.60   144.62   180.08 224     144.60   144.62   180.08 224     145.60   145.60   145.60   145.60     146.60   146.60   146.60   146.60     146.60   146.60   146.60   146.60     146.60   146.60   146.60   146.60     146.60   146.60   146.60     146.60   146.60   146.60     146.60   146.60   146.60     146.60   146.60   146.60     146.60   146.60   146.60     146.60   146.60   146.60     146.60   146.60   146.60     146.60   146.60   146.60     146.60   146.60   146.60     146.60   146.60   146.60     146.60   146.60   146.60     146.60     146.60   146.60     1   | 200,000 12/1   120   1   |
| Stall Transland Response Incrementary conti- Herogy Homes Transland stales Sell Homes Se | DAVIS  | 1966-19   1967-19 256   1968-19 2575   1966-19 1965-74   1966-19 2575   1966-19 2575   1966-19 1965-74   1966-19 2575   1966-19 1965-74   1966-19 2575   1  | ### 1201.13 22/1 1.52 25. ### 1201.13 22/1 1.52 25. ### 1201.13 22/1 1.52 25. ### 1201.13 22/1 1.52 25. ### 1201.13 22/1 1.52 25. ### 1201.13 22/1 1.52 25. ### 1201.13 22/1 1.52 25. ### 1201.13 22/1 1.52 25. ### 1201.13 22/1 1.52 25. ### 1201.13 25. ### 1201.13 25. ### 1201.13 25. ### 1201.13 25. ### 1201.13 25. ### 1201.13 25. ### 1201.13 25. ### 1201.13 25. ### 1201.13 25. ### 1201.13 25. ### 1201.13 25. ### 1201.13 25. ### 1201.13 25. ### 1201.13 25. ### 1201.13 25. ### 1201.13 25. ### 1201.13 25. ### 1201.13 25. #### 1201.13 25. #### 1201.13 25. #### 1201.13 25. #### 1201.13 25. #### 1201.13 25. #### 1201.13 25. #### 1201.13 25. #### 1201.13 25. #### 1201.13 25. #### 1201.13 25. #### 1201.13 25. #### 1201.13 25. #### 1201.13 25. ##### 1201.13 25. ##### 1201.13 25. ####################################  | Political Control of the Control of  | ### 1590.81   128.85  | 24 1901.01 45 1901.00 27 25 25 25 25 25 25 25 25 25 25 25 25 25  | ## ## ## ## ## ## ## ## ## ## ## ## ##   | 1083.0°   1084.3   1085.4   1084.8   1184   3398.00 644   3398.00 644   3398.00 644   3398.00 644   3398.00 644   3398.00 644   3398.00 644   3398.00 644   3398.00 644   3398.00 644   3298.00 644    | 200,000 1271   100   100   2074,257 1271   2074,257 1271   2084,001 1271   2074,001 1271   2084,001 1271   2084,001 1271   2084,001 1271   2084   2   |
| Stall Transibing Response Incomming consistency Heavy Home Transibility 12: Take Heaville Heavy 12: Take Heaville Heavy 12: Take Heaville Heavy 12: Take Heaville Heavy 12: Take Heavy 13: | DAVIS  | 1866-19   1867-19 255   1866  | ### 1201.13 22/1 1.02 28. ### 1201.13 22/1 1.02 28. ### 1201.13 22/1 1.02 28. ### 1201.13 12/1 1.04 1.04 1.04 1.04 1.04 1.04 1.04 1.0  | Polician Grant Stepp at mice S | ### 1590.81 128. | 24 1901.01 45 1901.00 251 24 1901.01 45 1901.00 251 251 2011.02 253 1901.00 251 251 2011.02 253 1901.00 251 251 2011.02 253 1901.00 251 252 1105 1105 1921.00 251 253 1901.00  | ## ## ## ## ## ## ## ## ## ## ## ## ##   | 1083.5"   1084.3   1085.4   1084.8   1184.3   339.60   54   339.60   54   339.60   54   339.60   54   339.50   5   | 200,000   1271   100     |
| STON TROUBLING General Incomming conti- Heating Home Transcer devisite  "See New 22 Tele Heatin Ended 944 I  | DAVIC   SET   1.16   | 1806.40   1873.96   2004.78   22/5   1850.90   1845.74   1880.85   2005   1845.74   1880.85   2005   1850.96   1845.74   1880.85   2005   1825.75   1826.85   2005   1826.85   2005   1826.85   2005   1826.85   2005   1826.85   2005   1826.85   2005   20  | ### 1201.13 22/1 1.52 25. ### 1201.13 22/1 1.52 25. ### 1201.13 22/1 1.52 25. ### 1201.13 22/1 1.52 25. ### 1201.13 12/1 1.52 25. ### 1201.13 12/1 1.52 25. ### 1201.13 12/1 1.52 25. ### 1201.13 12/1 1.52 25. ### 1201.13 12/1 1.52 25. ### 1201.13 12/1 1.52 25. ### 1201.13 12/1 1.52 25. ### 1201.13 12/1 1.52 25. ### 1201.13 12/1 1.52 25. ### 1201.13 12/1 1.52 25. ### 1201.13 12/1 1.52 25. ### 1201.13 12/1 1.52 25. ### 1201.13 12/1 1.52 25. ### 1201.13 12/1 1.52 25. ### 1201.13 12/1 1.52 25. ### 1201.13 12/1 1.52 25. ### 1201.13 12/1 1.52 25. ### 1201.13 12/1 1.52 25. ### 1201.13 12/1 1.52 25. #### 1201.13 12/1 1.52 25. #### 1201.13 12/1 1.52 25. #### 1201.13 12/1 1.52 25. #### 1201.13 12/1 1.52 25. #### 1201.13 12/1 1.52 25. #### 1201.13 12/1 1.52 25. #### 1201.13 12/1 1.52 25. ##### 1201.13 12/1 1.52 25. ####################################  | Policition County of mice Steps of mice Step | ### 1590.81 128.85 128. | 24 1902.01 45 1902.00 251 24 1902.01 45 1902.00 251 251 2311.42 253 1902.00 251 251 2311.42 253 1902.00 251 251 1902.20 11/8 1922.20 12/1 251 1902.20 11/8 1922.20 12/1 252 1902.20 11/8 1922.20 12/1 253 1902.20 11/8 1902.20 12/1 254 1902.20 11/8 1902.20 12/1 255 1902.20 11/8 1902.20 11/8 1902.20 12/1 256 1902.20 11/8 1902.20 11/8 1902.20 11/8 257 1902.20 11/8 1902.20 11/8 1902.20 11/8 257 1902.20 11/8 1902.20 11/8 1902.20 11/8 257 1902.20 11/8 1902.20 11/8 1902.20 11/8 257 1902.20 11/8 1902.20 11/8 1902.20 11/8 257 1902.20 11/8 1902. | ## ## ## ## ## ## ## ## ## ## ## ## ##   | 1083.5" 1084.3 1085.4 1084.8 TLA   389.40   339.88   49   339.50 64     342.42   337.30   49   339.50 64     342.42   337.30   128.75   1253.63 64     64   2821.73   2811.68   2824.66 64     60   27.14   223.15   223.27     64   143.61   144.62   180.08   224     64   143.61   144.62   180.08   224     65   143.61   144.62   180.08   224     66   143.61   144.62   180.08   224     66   143.61   144.62   145.08     67   76   76   76     68   77   77   77     78   78   77   77  | SPARS 1271   Tell  |
| Stall Transland Begger  Incomming conti- Heerg Home  Tamover distribut  "See May 22 Tele Heerst calculate  "See May 22 Tele Heerst calculate  Action Es Acti | DAVIS   SST5.16   SM Set   S   | 2008.40   2373.98   2008.72   2375   1950.99   1945.74   1008.00   1945.74   1008.00   1945.74   1008.00   1945.74   1008.00   1945.74   1008.00   1945.74   1008.00   1945.74   1008.00   1970.00  | 1206.13 25/1   1.02 28 25/1 25/1 25/1 25/1 25/1 25/1 25/1 25/1   | Point in the part of the part  | ### 1590.81 1295.81 12 | 24 1901.01 45 1901.00 251 24 1901.01 45 1901.00 251 251 2011.02 253 1901.00 251 251 2011.02 253 1901.00 251 251 2011.02 253 1901.00 251 252 1105 1105 1921.00 251 253 1901.00 251 254 1901.00 251 254 1901.00 251 255 1901.00 251 255  | ## ## ## ## ## ## ## ## ## ## ## ## ##   | 1083.5"   1084.3   1085.4   1084.8   TUAN     308.00   339.88   49   339.50   64     302.42   337.30   128.73   2397.39   256     1704.39   1771.75   128.75   1253.63   64     60   227.14   223.15   223.27   235.2     60   143.01   144.62   180.08   224     60   227.14   223.15   223.27   235.2     60   143.01   144.62   180.08   224     60   227.14   223.15   223.27   235.2     60   143.01   144.62   180.08   224     60   143.01   144.62   180.08   224     60   143.01   144.62   145.08     60   143.01   144.62   145.08     60   143.01   144.62   145.08     60   143.01   144.62   145.2     60   143.01   144.62   145.2     60   143.01   144.62   145.2     60   143.01   144.62   145.2     60   143.01   144.62   145.2     60   143.01   144.62   145.2     60   143.01   144.62   145.2     60   143.01   144.62   145.2     60   143.01   144.62   144.62     60   143.01   144.62     60   143.01   144.62     60   143.01   144.62     60   143.01   144.62     60   143.01   144.62     60   143.01   144.62     60   143.01   144.62     60   143.01   144.62     60   144.62     60   144.62     60   145.62     60   144.62     60   144.62     60   144.62     60   144.62     60   144.62     60   144.62     60   144.62     60   144.62     60   144.62     60   144   | SPARS 1271   Tell  |
| Stall Transland General Incomming contil Heerg, Home Transland olderlin Heerg Home Transland olderlin Heers Heer 22: Take Heers Heers Heers Accision E Acc | The color of the parameter   The color of the    | 1866-19   1867-19 255   1866  | 1208.13 257   1.52 25.     1208.13 257   1.52 25.     1208.13 257   1.52 25.     1208.13 257   1.54    | Print Ind.  Print  | ### 1590.81   1295.81   12 | 24 1902.01 45 1902.00 251 24 1902.01 45 1902.00 251 25 1902.01 45 1902.00 251 25 1902.00 11/8 1902.00 251 25 1902.00 11/8 1902.00 12/1 25 1902.00 11/8 1902.00 12/1 25 1902.00 11/8 1902.00 12/1 25 1902.00 11/8 1902.00 12/1 25 1902.00 11/8 1902.00 12/1 25 1902.00 11/8 1902.00 12/1 26 1902.00 11/8 1902.00 12/1 27 1902.00 12/2 27 1902.0 | ## ## ## ## ## ## ## ## ## ## ## ## ##   | 1083.5"   1084.3   1085.4   1084.8   1184.     3082.40   3382.88   49   3385.00 64     3022.42   3377.30   40   3377.39   258     1784.39   1771.77   1228.75   1253.63   254     108   227.74   223.16   2824.66   64     109   227.74   223.16   223.27   235     101   144.62   180.08   224     101   144.62   180.08   224     101   144.62   180.08   224     101   144.62   180.08   224     101   144.62   145.08   224     101   144.62   145.08     101   144.62     101   144.62     101   144.62     101   144.62     101   144.62     101   144.62     101   144.62     101   144.62     101   144.62     101   144.62     101   144.62     101   144.62     101   144.62     101   144.62     101   144.62     101   144.62     101   144.62     101   144.62     101   144.62     1   | SPARS 1271   Tell  |
| Stall Transibing Septice Incomming contents Incommi | The color of the parameter   The color of t   | 1806.40   1873.96   286.78   2875.95   1865.74   1886.78   2875.95   1865.74   1886.78   2875.95   1865.74   1886.75   2875.95   1865.74   1886.75   2875.95   1865.74   1886.75   2875.75   1289.20   1773.80   2782   1285.75   1289.20   1773.80   2782   1285.75   1289.20   1773.80   2782   1285.75   1289.20   1773.80   2782   1773.80   2782   1773.80   2782   1773.80   2782   1773.80   2782   1773.80   2782   1773.80   2782   1773.80   2782   1773.80   2782   1773.80   2782   1773.80   2782   1773.80   2782   1773.80   2782   1773.80   2783   1773.80   2783   1773.80  | ### 1201.73 22/1 1.52 25. ### 1201.73 22/1 1.52 25. ### 1201.73 22/1 1.52 25. ### 1201.73 22/1 1.52 25. ### 1201.73 22/1 1.54 25. ### 1201.73 22/1 1.54 25. ### 1201.73 22/1 1.54 25. ### 1201.73 22/1 1.54 25. ### 1201.73 22/1 1.54 25. ### 1201.73 22/1 1.54 25. ### 1201.73 22/1 1.54 25. ### 1201.73 22/1 1.54 25. ### 1201.73 22/1 1.54 25. ### 1201.73 22/1 1.54 25. ### 1201.73 22/1 1.55 24. ### 1201.73 22/1 1 | Policy of the p  | ### 1500 ### | 24 1902.01 45 1902.00 251 24 1902.01 45 1902.00 251 25 1902.01 45 1902.00 251 25 1902.01 118 1922.20 1271 25 1902.01 118 1922.20 1271 25 1902.01 118 1922.20 1271 25 1902.01 118 1922.20 1271 25 1902.01 118 1902.20 1271 25 1902.01 127 127 127 127 127 127 127 127 127 12  | ## ## ## ## ## ## ## ## ## ## ## ## ##   | 1083.5"   1084.3   1085.4   1084.6   1184.5      | SPARS   1271   Tell   Tell   SPARS   1271   2274-2485-89   1271   2274-2485-89   1271   2274-2485-89   1271   2274-2485-89   1271   2274-2485-89   1271   2274      |
| Stall Transland General Increasing cortic Heerg Home Transland stales to the t | The color of the parents   The color of   | 1866-19   1867-19 255   1866-19 275   1866  | 1206.13 257   1.02 28     1005.32 257   1.02 28     1005.32 257   1.02 28     1005.32 257   1.04 24 11     1006.00 127   1.04 127   1.04 127     1006.00 127   1.05 127   1.05 127     1006.00 127   1.05 12     1006.00 127   1   | Part that the part of the par  | Comp   | 24 1902.01 45 1902.00 251 24 1902.01 45 1902.00 251 25 1201.42 254 1902.00 25 1201.42 254 1902 | ## ## ## ## ## ## ## ## ## ## ## ## ##   | 1083.5"   1084.3   1085.4   1084.6   1184.5      |  |
| SCOV Transibing Septical Increasing conti- Heorg Home Transiver districts  "San May 22: Take Investi ethics 944 in Investi ethics 94 | Section   Sect   | 1986   1987   1987   1986   | ### 1201.73 22/1 1.52 25.  ### 1201.73 22/1 1.52 25.  ### 1201.73 22/1 1.52 25.  ### 1201.73 22/1 1.52 25.  ### 1201.73 22/1 1.54 2.54 1.54 2.54 2.54 2.54 2.54 2.54 2.54 2.54 2   | Print Ind.  Print  | Comp   | 24 1902.01 45 1902.00 251 251 2201.42 254 1902.00 251 251 2201.42 254 1902.00 251 251 2201.42 254 1902.00 251 251 2201.42 254 1902.00 251 251 251 251 252 254, 254, 254, 254, 254, 254, 254,   | ## ## ## ## ## ## ## ## ## ## ## ## ##   | 1083.5"   1084.3   1085.4   1084.6   1184.5   1392.40   3392.89   40   3395.00 64   3397.30   64   3397.30   65   3397.30   65   3397.30   66   2397.73   2381.60   3824.66   64   64   227.74   221.60   3824.66   64   64   227.74   221.60   3824.66   64   64   227.74   221.60   3824.66   64   64   62   62   64   64   62   62  |  |
| SCOV Transibing Separate Incomming conti- Heavy Home Transibin Continue Transibin Continue Transibin Continue Transibin Continue Adeptic Adept | The color of the particle      | 1986   1987   1987   1987   1988   | ### 1201.73 22/1 1.02 28. ### 1201.73 22/1 1.02 28. ### 221.55 12/1 4.34 11 ## | Particular Control of the Control o  | Comp   | 24 1901.01 45 1901.00 251 26 1901.01 45 1901.00 271 28 1901.02 110 1901.00 271 28 1901.02 110 1901.00 271 28 1901.02 110 1901.02 1271 28 1901.02 110 1901.02 1 | ## ## ## ## ## ## ## ## ## ## ## ## ##   | 1083.5"   1084.3   1085.4   1084.8   1184.     3082.40   3392.88   49   3395.00 64     3022.42   3377.30   1285.75   1283.63 64     40   227.74   223.75   1283.63 64     40   227.74   223.15   223.27   225.2     40   143.61   144.62   180.08   224     40   143.61   144.62   180.08   224     40   143.61   144.62   180.08   224     40   41   41   41   41     40   41   41   41   41     40   41   41   41   41     40   41   41   41   41     40   41   41   41     40   41   41   41     40   41   41   41     40   41   41   41     40    | SPARS 1271   Tell  |
| SCOV Transibing Separate Increasing conti- Herog, Home Transiver districts  "San May 22: Tele Herod Colors  Accision E Ac | The color of the particle  | 1966-19   1967-19 25-5   1960-19 27-5   1960-19 2  | 1206.13 257   1.02 25     1206.13 257   1.02 25     1206.13 257   1.02 25     1206.13 257   1.04 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1   | Particular Control of the Control o  | ### 1590.81 128.85 128. | 24 1902.01 45 1902.00 251 24 1902.01 45 1902.00 251 25 1902.01 45 1902.00 251 25 1902.01 118 1902.00 251 25 1902.01 118 1902.00 251 25 1902.01 118 1902.00 251 25 1902.01 118 1902.00 251 25 1902.01 118 1902.00 251 25 1902.01 118 1902.00 251 25 1902.01 118 1902.00 251 25 1902.01 118 1902.00 251 25 1902.01 118 1902.00 251 25 1902.01 118 1902.00 251 25 1902.01 118 1902.00 251 25 1902.01 118 1902.00 251 25 1902.01 118 1902.00 251 25 1902.01 118 1902.00 251 25 1902.01 118 1902.00 251 25 1902.01 118 1902.00 251 25 1902.01 118 1902.00 251 25 1902.01 118 1902.00 251 25 1902.00 1902.01 118 25 1 | ## ## ## ## ## ## ## ## ## ## ## ## ##   | 1083.5"   1084.3   1085.4   1084.6   1184.5   1389.80   544   3395.00   544   3395.00   544   3395.00   544   3395.00   544   3395.00   544   3395.00   544   3395.00   544   3395.00   544   3395.00   544   3395.00   544   3395.00   544   3395.00   544   3395.00   544   3395.00   544   3395.00   544   3395.00   544   545    | SPANS 1271   Tell   SPANS 1271   SPANS 127   |
| Break Bang Storm Beng Roma Tamovar dukinda Peli Imaga Roma Tamovar dukinda Peli Imaga Roma Beng Storm Bang Sto | The color of the parameter of the para   | 1966-121   1967-16 25-5   1968-16 25-5   1968-16 25-5   1968-17   | 1201.13 23/1   | Particular Manager of  | Comp   | 24 1902.01 45 1902.00 251 251 2201.42 254 1908.00 21 251 2201.42 254 1908.00 21 251 2201.42 254 1908.00 21 251 251 252 254 1908.00 21 252 253 1908.00 21 253 1908.00 25 1908.00 25 25 25 25 25 25 25 25 25 25 25 25 25   | ## ## ## ## ## ## ## ## ## ## ## ## ##   | 1083.5"   1084.3   1085.4   1084.8   1184.5   1392.40   1392.80   40   1397.130   249   1297.130   2597.130    | Separation   1271   128  |
| SIGN TROUBLING BERGERS  Incomming contil Heerg Home  Tamover distribut  "San New 22 Tele Vental stakes Print  Incomming to the Incomming to th | The color of the particle      | 1966-19   1967-19 25-5   1960-19 27-5   1960-19 2  | ### 1201.13 2271 1.12 28.  ### 1201.13 2271 1.12 28.  ### 221.35 1.271 4.34 11  ### 221.35 1.35 1.35 1.35 1.35 1.35 1.35 1.35  | Particular Control of the Control o  | ### 1500 1170 170 170 170 170 170 170 170 170  | 24 1902.01 45 1902.00 251 251 2201.42 254 1908.00 21 251 2201.42 254 1908.00 21 251 2201.42 254 1908.00 21 251 251 252 254 1908.00 21 252 253 1908.00 21 253 1908.00 25 1908.00 25 25 25 25 25 25 25 25 25 25 25 25 25   | ## ## ## ## ## ## ## ## ## ## ## ## ##   | 1083.5"   1084.3   1085.4   1084.8   1184.     3082.40   3393.88   49   3395.00 64     3022.42   2377.30   128.75   1283.50 64     40   227.74   223.15   223.55 64     40   227.74   223.15   223.66 64     40   227.74   223.15   223.66 64     40   227.74   223.15   223.66 64     40   227.74   223.15   223.66 64     40   227.74   223.15   223.66 64     40   227.74   223.15   223.66 64     40   227.74   223.15   223.66 64     40   227.74   223.15   223.66 64     40   227.74   223.15   223.66 64     40   227.74   223.15   223.66 64     50   50   50   50   50   50     50   50  |  |
| SCOV Transituring Cortilians of the Control of the Cortical of | 1985   1987      | 1966-121   1967-16 25-5   1966-121   1966-  | 1201.13 23/1   | Particular Control of the Control o  | Comp   | 24 1902.01 45 1902.00 251 251 2201.42 254 1908.00 21 251 2201.42 254 1908.00 21 251 2201.42 254 1908.00 21 251 251 252 254 1908.00 21 252 253 1908.00 21 253 1908.00 25 1908.00 25 25 25 25 25 25 25 25 25 25 25 25 25   | ## ## ## ## ## ## ## ## ## ## ## ## ##   | 1083.5"   1084.3   1085.4   1084.8   1184.     3082.40   3392.88   40   3395.10 64     3022.42   327.30   1285.73   1285.83 64     40   227.14   221.81   223.83 64     40   227.14   221.81   223.83 64     40   227.14   221.81   223.83 64     40   227.14   221.81   223.83 64     40   227.14   224.82   180.08 224     40   418.83   184.82   184.83     50   418.83   184.83   184.83     50   418.83   184.83   184.83     50   418.83   184.83   184.83     50   418.83   184.83   184.83     50   418.83   184.83   184.83     50   418.83   184.83   184.83     50   418.83   184.83   184.83     50   418.83   184.83   184.83     50   418.83     50   418.83     50   418.83     50   418.83     50   41   |  |
| SIGN TROUBLING BERNELL STATEMENT CONTENTS HENGE Home TREMONT CHARLES TREMONT CHARLES TREMONT CHARLES TREMONT CHARLES ACTION CH | The color of the particle  | 1986   1987   1986   | 1201.13 23/1   | Particular of the particular   | Comp   | 25 1902.01 45 1902.00 251 26 1902.01 45 1902.00 251 26 1902.01 45 1902.00 251 26 1902.01 118 1902.00 251 26 1902.01 118 1902.00 251 26 1902.01 118 1902.00 251 26 1902.01 118 1902.00 251 26 1902.01 118 1902.00 251 26 1902.01 118 1902.00 251 27 10 27 10 252.00 251 28 10 27 10 252.00 251 28 10 27 10 252.00 251 28 10 25 10 25 25 252 28 25 25 252 28 25 252 28 25 252 28 25 252 28 25 252 28 25 252 28 253  | ## ## ## ## ## ## ## ## ## ## ## ## ##   | 1083.5"   1084.3   1085.4   1084.8   1184.5   1392.40   1392.80   40   1397.130   245   1297.130   257   1253.50   64   257.13   257   1253.50   64   257.13   257   1253.50   64   257.13   257   1253.50   64   257.13   257   1253.50   64   257.13   257   1253.50   64   257.13   257   2   |  |
| SCOV Transituring Cortilia Property Cortilia Pro | The color of the particle   1971-16   1971-    | Section   Sect  | 1201.13 23/1   | Parties and the second of the  | ### 1500 1100 1100 1100 1100 1100 1100 1   | 25 1902.01 45 1902.00 251 26 1902.01 45 1902.00 251 26 1902.01 45 1902.00 251 26 1902.01 118 1902.00 251 26 1902.01 118 1902.00 251 26 1902.01 118 1902.00 251 26 1902.01 118 1902.00 251 26 1902.01 118 1902.00 251 26 1902.01 118 1902.00 251 27 10 27 10 252.00 251 28 10 27 10 252.00 251 28 10 27 10 252.00 251 28 10 25 10 25 25 252 28 25 25 252 28 25 252 28 25 252 28 25 252 28 25 252 28 25 252 28 253  | ## ## ## ## ## ## ## ## ## ## ## ## ##   | 1083.5"   1084.3   1085.4   1084.8   1184.     389.40   339.88   40   339.50   64     302.42   337.30   128.75   1253.63   64     40   227.14   223.15   223.25   235.23   24     40   227.14   223.15   223.25   235.23   24     40   227.14   223.15   223.25   235.25     40   44.00   144.62   180.08   224     40   42.00   144.62   180.08   224     40   42.00   144.62   180.08   224     40   42.00   144.62   180.08   224     50   40   40   40   40     50   40   40   40   40     50   40   40   40   40     50   40   40   40   40     50   40   40   40     50   40   40   40     50   40   40   40     50   40   40   40     50   40   40   40     50   40   40   40     50   40   40   40     50   40   40   40     50   40   40   40     50   40   40   40     50   40   40   40     50   40     50   40   40     50   40     50   40   40     50   40     50   40     50   40     50   40     50   40     50   40     50   40     50   40     50   40     50   40     50   40     50   40     50   40     50   40     50   40     50   40     50   40     50     |  |
| SCOV Transibing General Increasing cortil Increa | The color of the particle  | Section   Sect  | 1201.13 23/1   | Parties and the second of the  | Comp   | 25 1902.01 45 1902.00 251 26 1902.01 45 1902.00 251 26 1902.01 45 1902.00 251 26 1902.01 118 1902.00 251 26 1902.01 118 1902.00 251 26 1902.01 118 1902.00 251 26 1902.01 118 1902.00 251 26 1902.01 118 1902.00 251 26 1902.01 118 1902.00 251 27 10 27 10 252.00 251 28 10 27 10 252.00 251 28 10 27 10 252.00 251 28 10 25 10 25 25 252 28 25 25 252 28 25 252 28 25 252 28 25 252 28 25 252 28 25 252 28 253  | ## ## ## ## ## ## ## ## ## ## ## ## ##   | 1083.5"   1084.3   1085.4   1084.8   1184.     389.40   339.88   40   339.50   64     302.42   337.30   128.75   1253.63   64     40   227.14   223.15   223.25   235.23   24     40   227.14   223.15   223.25   235.23   24     40   227.14   223.15   223.25   235.25     40   44.00   144.62   180.08   224     40   42.00   144.62   180.08   224     40   42.00   144.62   180.08   224     40   42.00   144.62   180.08   224     50   40   40   40   40     50   40   40   40   40     50   40   40   40   40     50   40   40   40   40     50   40   40   40     50   40   40   40     50   40   40   40     50   40   40   40     50   40   40   40     50   40   40   40     50   40   40   40     50   40   40   40     50   40   40   40     50   40   40   40     50   40   40   40     50   40     50   40   40     50   40     50   40   40     50   40     50   40     50   40     50   40     50   40     50   40     50   40     50   40     50   40     50   40     50   40     50   40     50   40     50   40     50   40     50   40     50   40     50     |  |
| SCOV Transiburg Sepecia Increasing cortil Incog Home Transibur districts  "San May 22 Tele Incomin ethics Peli I Incomin ethics I Incomi | The color of the particle   Section   Sectio   | 2008.40   | 1201.13 257   1.02 25 25 25 25 25 25 25 25 25 25 25 25 25  | Parties  | Comp   | 1906   150   | ## ## ## ## ## ## ## ## ## ## ## ## ##   | 1083.5"   1084.3   1085.4   1084.8   1184.     3092.40   3392.89   40   3395.10 64     3022.42   237.30   128.75   1253.60 64     40   227.14   221.85   223.85 64     40   227.14   221.85   223.85 64     40   227.14   221.85   223.85 64     40   227.14   221.85   223.85 64     40   127.15   1388.24   1388.24     40   128.85   1388.24   1388.24     40   128.85   1388.24   1388.24     50   108.85   1388.24     50   108.85   1388.24     50   108.85   1388.24     50   108.85   1388.24     50   108.85   1388.24     50   108.85   1388.24     50   108.85   1388.24     50   108.85   1388.24     50   108.85   1388.24     50   108.85   1388.24     50   108.85   1388.24     50   108.85   1388.24     50   108.85      |  |
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| SCON TROUBLING SERVICE | 1  | 2008.48   2373.98   2008.78   2375   1800.99   1845.74   1800.89   2375   237  | 1201.13 257   1.02 25 25 25 25 25 25 25 25 25 25 25 25 25  | Parties  | Comp   | 1906   150   | ## ## ## ## ## ## ## ## ## ## ## ## ##   | 1083.5"   1084.3   1085.4   1084.8   1184.5   1392.40   1392.80   149   1297.50   12   |  |
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### **STOCK MARKETS**

**MARKET FOCUS** 

### HK shares lose confidence vote

Hong Kong's newly-elected legislature, returned by voters yesterday, did little to arrest the growing concerns of investors – or the gentle but steady decline of the stock market.

A slowing economy, rising unemployment and an aggressive price war among the property developers, which dominate the benchmark Hang Seng index, do little to inspire confidence. In addition, the Asian

financial crisis continues to san confidence and - more worryingly for Hong Kong mentators are turning negative on China's prospects.

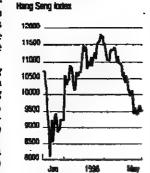
Beijing is targeting growth with foreign investment volumes declining and exports threatened by reduced spending power in south-east Asia, even mainland companies are starting to question the viability of that forecast.

The gloom has manifested itself in the Hong Kong stock market. The Hang Seng closed yesterday at 9,544.5, marginally down on the day and 43 per cent lower than the peak of 16.820 last August.

High interest rates continue to hurt the property with big borrowing requirements. The cost is compounded by a credit squeeze: foreign banks, particularly ing from the territory's loan market for various reasons. including slim margins.

This is hampering a number of companies. Sino Land, one of the more aggressive property developers, saw its share price plummet 45 per cent in a day after it moved to quash rumours it had missed a loan payment. The group has since sold off ments carmarked for the rental market, to help boost its cash position.

Last week Henderson Land used a slightly different route to raise cash: it



ties for HK\$2.25hn to chair-

man Lee Shau-kee. On top of the credit conbeen hit by what one stalwart of the sector calls "the most intensely fought price war since the early 1980s The gauntiet was laid down last week by Cheung Kong, controlled by tycoon Li Ka-Shing it priced flats in a new development at about 10 per cent lower than the market had been expecting.

Sun Hung Kai Properties immediately retaliated by cutting 12 per cent off its nearby block of flats. Others. including Henderson Land and Wheelock, jumped on

Some property chiefs have protested about the government's plans to release 85,000 flats a year, despite property prices now being about 35 per cent lower than at their peak last July. As a result, the sector's

share prices have been num-

melled: even though, according to analysts' calculations, they are still managing profit margins of 30 per cent. Concerns for the property market feed through to the banks where there are also worries that bad debts this year will rise, partly due to exposure in Indonesia but also as the economic slowdown leads to rising numbers of local bankruptcies.

### Frankfurt and Paris jump to record highs

EUROPE

Led mostly by the dollar, which came close to hitting a seven-year peak against as the countdown to the the yen, Europe's equity June 10 kick-off began in markets continued to push earnest. Eurotunnel rose 45 deeper into uncharted territory with Frankfurt, Paris Euro Disney FFr1.20 or 12.8 and Amsterdam all hitting per cent to FFr10.60. record highs.

PARIS drove up to 4,108.71 on the CAC 40 index, a rise of 58.93. With many dealers departing early in the absence of follow-through business from London and public holidays - volume was thin, but there was no shortage of strong corporate

Steel leader Usinor was 82.27 at 5.392.46. the best performing stock among the leaders, adding DM5.20 at DM197.80 about of PFr6.30 or 6.6 per cent to FFr102.90 as the European Commission launched an anti-dumping probe against a number of developing

Among second-liners, Pare Mar **Eurotunnel and Euro Disney** hounced sharply on talk of humper World Cup business centimes to FFr6.70 and

Renault gained FFr9.80 to PFr325 after an upbeat press interview with Shemaya Levy, boss of the motor giant's truck arm. Positive comment on the planned flotation for its Rhodia chemi-New York - both closed for cals unit sent Rhone-Poulenc up FFr19.10 to FFr333.50... FRANKFURT ended the

electronic trading session with the Xetra Dax index up Daimler-Benz tomorrow's annual meeting and the possibility of bullish comment on the group's

plans for a merger with

Chrysler of the US.

DM25.50 to DM989. Financials shrugged off concerns about this week's meeting of the Bundesbank council. Munich added DM8 to DMR34 and Dresdner Bank DML25 to DM103.25.

**ZURICH** improved 114.1 to 7,657.1 on the SMI index. Alusuisse was the focus of insurance group ING. The speculative talk suggesting company added Fl 3.10 to

has a 5 per cent stake in while Fortis Amey, which 12,752 while Edison, the Alusuisse and was said to be will release first-quarter backed by "supporters" with a further 11 per cent. Alustrices mass SFT19 to SFT1.990. Sulzer shared in the break-up rumours, adding

SF190 to SF11,228. AMSTERDAM railied to a record encouraged by a flow of positive corporate news. The AEX index rose 25.41 to 1,219.82 as reports of a retail tie-up and expectations of firm earnings announcements supported sentiment.

Vendex, a retail chain. dded F16.50 to F1141 on plans to merge its food business with that of supermarwholesaler De Boer Unigro, which gained Fl 11 to Fl 109.50. The new company expected to be earnings enhancing in the first year.

Hones of firm first-quarter results lifted banking and earnings tomorrow, gained Fl 3.10 to Fl 124.50. MILAN gained ground led

by banks on news of the formalisation of Credito Italiano's merger with Unicredito. Firm first-quarter earnings announcements also lifted shares and the Mibtel index rose 478 to 24,791.

to L10,275 while Banca Nazionale del Lavoro added L1,184 to L48,200. Renewed expectations of a merger Italiana, understood to be in talks with Banca di Roma, gain L201 to L10,865. Banca di Rome added L22 to L3,785.

Parmalat, the foods group, lost L171 to L3,850 on disappointment over last year's Olivetti, which last week

ning a predatory move. Ems. announcement on Friday month loss, gained L42 to energy group, rose L755 to L16,814 on the rise of its first-quarter sales.

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MADRID advanced as investors focused on the privatisation of utility group Endesa, and the general index gained 18.25 to 902.78. Endesa jumped Pta55 to Pta3,790 as retail investors rushed to place their bids for the \$8hn sale of the utility. Asturiana de Zinc gained Credito Italiano rose L447 Ptal80 or 8.3 per cent to Pta2,355 on news of the bid for Western Metals of Aus-

BUDAPEST fel. steeply in the wake of Sunday's general election. The Bux index tumbled 692.71 or 8.7 per cent to 7.274.84 to extend its decline since the first round of the election on May 10 to more than 16 per cent.

Written and edited by Jeffrey Brown, Peter Hall

### Seoul hits 11-year low on heavy selling

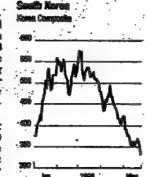
**ASIA PACIFIC** 

Heavy selling by local investors sent SEOUL down to an 11-year low, with a 6.8 per cent decline for the benchmark index marring the first day of trading under wider share ownership struc-

The composite index closed off 24.15 at 331.90 extending the decline since last Thursday's dramatic announcement of a 3.8 per cent contraction in firstquarter GDP to almost 13 per

Official moves to bolster the market by removing the ceiling on foreign ownership turned to dust as local investors took the opportunity to sell. Iron and steel giant Posco went limit down, closing Won7,000 lower at Won52,100 with 2.54m shares changing hands. TOKYO ended marginally

lower in lacklustre trading as a weaker yen weighed



news, notably share buyback plans, writes Bethan

The market appeared to be becoming desensitised to the continuing stream of announcements of possible buy-backs, as many companies last week accompanied annual results with plans to change company rules to allow them. However, very few have

buying back large numbers expected levels of bad loans. Rpl.250 while Citra Marga, of shares.

Bank of Tokyo-Mitsubishi the toll road company. There was also negative

news on the corporate side,

the yen on the foreign exchange market led some traders to remain cautions. The Nikkei 225 average slipped 18.58 to 15,783.12 after trading in a narrow hand hetween 15.812.54 and 15,733.12. The Topix index of all first-section shares declined 3.48 to 1,226.71. Volume was thin at about 293m shares, compared with 409m

on Friday.

Nissan Motor was the third most heavily traded share, dropping Y16 to Y442 of falling production and exports, and news on Thursday that one of the main rating agencies was putting its rating under review for a possible downgrade. The banking sector fell 1.4

per cent after several major banks released annual results on Friday and announced worse-than- of the day, rose Rp100 to rupees.

JOTTER PAD

1 Priest in arrangeme nearby church (12)

ന

9007TI (10)

Greet return of most lap-

20 Church warden, last to

organ parts (5)

by social workers (7)

Mechanic gets fat pryment covering work's completion

Solution to Saturday's prize puzzle on Saturday June 6.

business (7)

operate without stress (10) Square old character put malicious woman in dock

Bank of Tokyo-Mitsubishi dropped Y66 to Y1,475 in heavy trading, and Sakura Bank slipped Y4 to Y440, also in high volume. Dai-Ichi

Kangyo fell Y27 to Y859. Trading companies suffered from concerns over their large amounts of unsecured debts in Indonesia. Mitsubishi fell Y9 to Y881. Itochn Y15 to Y315, Marubest Y11 to Y202 and Nimbo Iwai Y11 to Y279.

In Osaka, the OSE index gained 24.96 to 16,568.11 in rolume of 9m shares. JAKARTA lost ground as investors sold shares which

gained sharply last week. rose over 14 per cent last week, fell 5.59 or 1.3 per cent. to 438.56. Telkom Indonesia lost Rn300 to Rn3.525 while Indosat lost Rp750 to Rp14,550.

Investors actively traded companies with links to former President Suharto. Astra, the most active issue the toll road company, gained Rp25 to Rp425. Bimantera, the conglomerate controlled by Mr Suharto's son, lost Rp25 to Rp350.

RUALA LUMPUR moved lower in thin volume. Financials remained under pressure with the property index alipping 1.1 per cent. The composite index closed 6.68 or 1.2 per cent lower at

KARACHI tumbled to a five-year low on the growing controversy over Hub Power (Rubco), a utility company partly owned by the UK's National Power. The KSE-100 index lost 49 or 4 per cent to 1.156.8L

Investor sentiment was hit by reports that a court hearing over the allegations all-share index ended off made against Hubes for overcharging the state utility had been postponed. Hubco, the second largest listed company accounting for about 40 per cent of the index. fell 3.4 rupees to 22.90

#### **Toronto** edges up

TORONTO gained ground as banks turned firm ahead of the sector's results season. Canadian Imperial rose 55 cents to C\$50.65 and Toronto-Dominion added 70 cents at C\$64.65. The 300 composite

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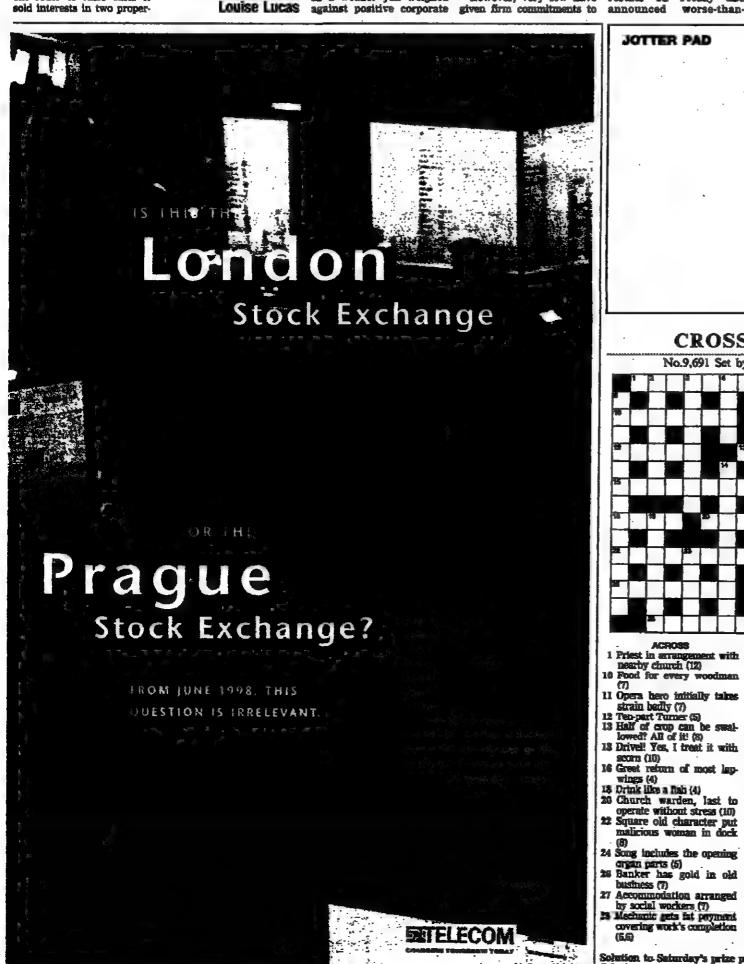
3.252.000 10000 47:50%

2001

at noon. SAO PAULO moved steeply lower in early trading as election nervousness hit a thinly attended session. Market heavyweight Telebrás fell 2.3 per cent to R\$124.50 and at midsession the Boyespa index was off 245 or 1.6 per cent at 9,995.

#### South Africa

Johannesburg was pushed lower by a weak rand. The 130.4 or 1.7 per cent at 7.958.4 after the central bank denied foreign exchange rumours that it was planning a devaluation. Industrials came off 158.3 at 9.714.1 and financials gave up-230.1 or 1.7 per cent to 13,700.S.



CROSSWORD

No.9,691 Set by GALAPAGOS

DOWN

Bird list includes duck (?)

3 Arrest journalists after 4 Easily navigable river (4) 5 Being under the influence

last girl goes into her den-

6 One boy has taken one in It's a long story (5)
7 The Spanish stick up an

important person (7)

8 Authority for build-up includes girl volunteers

list can be explained (13)
14 Coots involved with avian
pastimes (10)
17 Reduce scope for train set

layout (8)
19 Order group in with great

precipitation (7)
21 Course taken on way to
Deria, perhaps (7) tation (7)

22 Prevent flow of hydrogen

to burner (5)

once (13) Altered reprint on eastern

CALL FOR EXPRESSIONS OF INTEREST in purchasing a plot of land of "HELLENIC CHEMICAL PRODUCTS AND FERTILIZERS COMPANY SA"

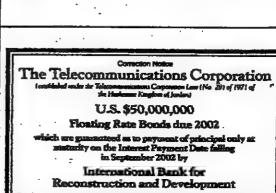
of Athens, Greece
"ETENUKI KEPHALEOU S.A. Administration of Ameta and Linkstines" of Su
Chrystospilioticals St. Athens 10560, Greece, in its capacity as Liquidator of
"EELLENG". CREMICAL PRODUCTS AND PERCULZERS COMPANY S.A." a
company with its regulated office in Athens, Greece, (the "Company"), presently under
special figuration according to the provisions of stricts 46s of Law 1892/1990, by white
of Decision 6s, 200800 of the Athens, Court of Ameta, in confusion with Decision

This is a piot of land, the area of which amounts to approve 14,095 ag. m., located in "Paulice". Eleté (10th lèse of the National Road Adecos-Lands). This is autonomical by an old feater and has been used as a summer camp. It is a partly agrandment plot, the dam agricultural section of which can be built on.

SALE PROCEDURE The company's assets will be sold by any of Public Auction in accordance with the provisions of Article 46s of Law 1892/1990, tas supplemented by set. 14 of La308/1991 and scheduredly seconded) and the tenns set out to the call for tenders for the sale of the above smalls, to be published in the Greek and forings prim on the dates provided by two.

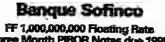
SUBJUSSION OF EXPRESSIONS OF INTEREST - OFFERING MEMORANDUM

For the submission of Expression of Interest and in ander to obtain a copy of the Officing Mentecandum, please contact the Liquidator, "ETENDE KEPHALEOU SA Administration of Assets and Liabilities", 9s. Caryanequifications St. Athens 10560, GREECE, 7sl. +30-1321.14.84 - 87 Linz: +30-1-321.79.05 (attention Liquidators



For the Innerest Period 26th March, 1998 to 28th September, 1998 the Bot will carry a Rase of knowns of 6.65 per cent. per annum. The Coupon Amount per U.S. \$10,000 Bond will be U.S. \$153.92 and the Coupon Amount per U.S. \$10,000 Bond will be U.S. \$1,579.17 psychleon 28th September, 1998. Bankers Trust

Company, London



notice is hereby given that for the Interest Penad from May 25, 1998 to August 24, 1998 the Notes will carry an in-

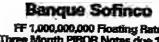
Date, August 24, 1998 will be FF 91.60 per FF 10,000 principal amount of Note and FF 916.00 per FF 100.000 principal

The Agent Bank Kredietbank Lummbourg

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FF 1,000,000,000 Floating Rate. Three Month PBOR Notes due 1999

In accordance with the Terms and Conditions of the Notes, terest flate of 3 62375 % per annum. The Coupon Amount payable on the relevant by

amount of Note. -

### BRAZILIAN PRIVATISATION

World Cup fever will hold sway into July but, reports Geoff Dyer, the month boasts an event of greater long-term significance - the next wave of sell-offs, led by Telebrás

### **Economy hanging** on call to markets

If all goes to plan, July will be an epic month in Brazil's recent history. And that is even if the national team

football World Cup again. During the course of the month, the Brazilian government plans to transfer from public to private hands a series of companies which, taken together, could raise more than \$25bn.

The list includes Telebras, the state-controlled telocome group and largest company in Latin America in terms of market capitalisation, Gerasul, the first of Brazil's huge electricity generation companies to be put up for auction, a couple of electricity distributors and, maybe, a gas

Brazil has been slowly privatising its industry since the beginning of the decade and the process has gathered momentum over the last year. However, in July it will step up another couple of

The sale of Telebras alone is expected to raise around \$20hm, making it easily the largest ever privatisation in Latin America. While this might not seem staggering in comparison to some of the recent takeovers in the US, it is a daunting figure for a developing economy.

By virtue of its size and complexity it has become one of the most impressive and ambitious privatisation programmes in the world," says David Mulford, the former US Treasury official who is now chairman international of Credit Suites industry as a whole by the First Boston, the investment

Economists' back-of-theenvelope estimates suggest that the government will sell \$80hm of assets over the next.

three years. The impact of a successful privatisation programme in Brazil would be felt thoughout the Latin American economy. With inflation under control in Brazil, privatisation is one of the central planks of a strategy which could turn the country from an economic basket-case into the region's

Privatisation is helping galvanise an economy whose stagnation in the 1980s and early 1990s was due, in part, to the heavy and stifling influence of the state on economic activity. "We are dismantling the state apparatus that was put together from the 1930s during the Vargas era (former president and dictator]," says Paulo Paiva, the planning minister.

Billions of dollars are being attracted into vital industries, such as telecoms and power, whose infrastructures were neglected during

Luiz Carlos Mendonça de Berros, the new communications minister, estimates that the Telebras' system will receive new investment of around \$15bn a year once it is privatised - double the

Motta, who died in March, was fond of saying that \$100hn would be invested in the telecommunications end of the decade as a result of privatisation. New techis central to a country's eco-

nomic development.
Indeed, if the sale of Telebrás is a success, it could act tive aspects of privatisation. An expanded talephone network could play a role in relations in Brazil's notoriously unequal society. As a result of decades of under-investment, a new line in São Paulo or Rio de Janeiro can cost \$2000, making access to a telephone a privilege of the middle classe

Unlike most previous privatisations in Brazil, which have resulted in savage job cuts, it should lead to increased employment as the new operators roll out increased capacity.

bras would rank as a colossal political achievement for the government and a further stage in the recognition of Brazil as a serious country. When Fernando Henrique Cardoso was elected president in 1994, the privatisation of Telebras was only a distant possibility. Under Mr Motta's pragmatic and occasionally eccentric guidance. the necessary legislation has been pushed through Congrees, a sensible new structure for the industry developed and an independent

stake over the sale of Telebrds. At the same time, though, the company is being put up for sale at what can only be described as a dericate moment for the pri-



Call weiting: President Cardoso's plans to sell \$25bn of state assets, led by Telebrile, could establish Brazil se Latin America's e

tricity company, has the whole privatisation process. Eletropaulo was first divided into two distribution units and a transmission bid was made for Metropolitana, the larger of the two distribution companies and there were no offers for Bandeirantes, the other distribution unit, or for the transmission company.

"It was a wake-up call,". says Octávio Castello Branco, managing director at JP Morgan in São Paulo. Luiz Chrysostomo, head of investment banking at Banco Patrimônio, who is advising the government on the sale of Telebras, described it as "a moment for reflection".

The failure of the auction legs valued at around \$000 which last year were happy uncoming privatisations. Investment mank, raised a whole-series of queet and the strict a monther till to participate in large syndic. If there is a financing liquidity for Brazil is method, scaled back significantly someway, higher than it has been nomic crisis, which had a for privatisations from last cautiy their Brazil exposures sell-offs will then depend on any time in our history.

The April auction of Ele- huge impact on Brazilian tropaulo, the São Paulo elec- financiai markets, started to take its toll on Brazil's privaprompted a rethink about tisation programme? Is the government trying to sell too many assets at the same time? Are the minimum prices being saked too high?

tion on the availability of financing. Bankers are beginning to express concerns about whether there will be sufficient funds to finance the huge volume of privatisation deals in the The banking system faces

resources. As well as the near \$25bn of privatisations the state-controlled oil company, is trying to put. gether two project finances valued at around ston

vatised companies will also want to borrow to finance investment programmes. "It is not out of the ones

tion that there could be a crunch," says Floris Deckers, director for Latin America at ABN Amro, the Dutch banking group. The 10 or so large banks

which have underwritten previous privatisations are still committed to Brazil which suggests that the funds will be available for the one-year bridge financings that usually accompany these deals. (In most privaticonsiderable demands on its sations, the winning bidders: have been specially created consortia, usually involving

> ther down the chain. The smajler regional banks, which last year wate happy

after the Asian crisis and have not yet returned in

Sentiment in the capital markets has rebounded more strongly since the beginning of the year, with the government and well-known banks comfortably accessing bond tite among institutional investors for Brazilian corporate debt is still unclear.

A key test will be the a planned bond issue by VBC, a consortium of three leading Brazilian corporates. which in November bought CPFL, another São Paulo electricity distribution company. The main banks will nsed to feel comfortable about demand for Brazil risk in the secondary banking market and in the capital markets before they put their weight behind the

companies to take large chunks of debt on their own balance sheets, rather than borrow through the consortiums set up to bid in the

privatisations. Bankers do not believe this will be a problem with potential and one-off nature of the privatisation. However, in other sectors, where there will be more privatisation opportunities in the coming months, some bidders might take a more cautious approach.

But not everyone is worried about a financing have been warning about lack of financing for privatisations but the government keeps selling," says Paulo Ferraz, president of Bozano Simonsen, the Rio de Janeiro investment bank, "The Howidity for Brazil is much higher than it has been at



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Privatization of Companhia Vale do Rio Doce (CVRD) - leatu's clients invested US\$ 1,500,000,000 in the capital stock of Valepar S.A. The total share of the come at the businession

US\$ 3,100,000,000

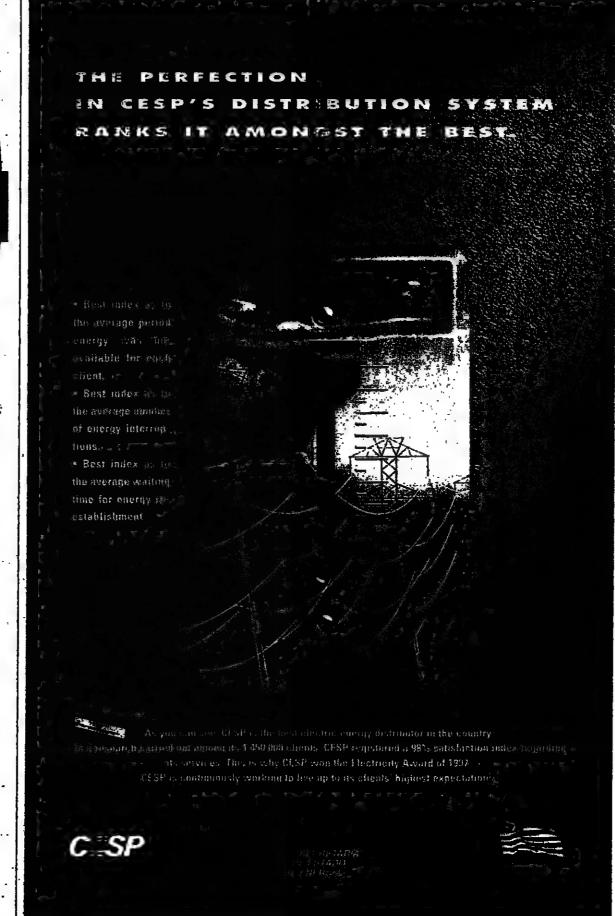
Privatization of Companhia Paulista de Força e Luz (CPFL) - Icam's clients invested US\$ 530,000,000 in the capital of the holding company DOC 4, acquiring control of CPFL. Total participation of DOC 4 equaled

esgetica do Rio Grande do Norte (COSERN) - Icam's clients invested US\$ 36,000,000 in the capital of the consortium comprising COELBA and Guaraniana S.A.: Total ement of the consortium was US\$ 607,000,000

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### **Hearts** have yet to follow

The first battles are won but future sell-offs need to engage popular support

With the successful sale of Companhia Vale do Rio Doce (CVRD) last May, many observers declared that the political opposition to privatisation in Brazil had been squarely defeated. The government had won the war, it was claimed.

The auction of CVRD, the world's largest iron ore company, had been a set-piece battle in more ways than one. Thousands of protesters lined the streets outside the exchange to demonstrate against the privatisation, occasionally leading to violent clashes with the heavy-handed military

inside the stock exchange a battle of a different kind was going on. The completion of the auction demonstrated the government's will to push ahead with privatisation in the face of the instincts of many leading members of the political class, to say nothing of the broader public.

"It was the swan-song of economic nationalism," says one former government

However, anyone who thought that politics could be detached from privatisation in Brazil would have done well to look at the British experience. If the UK is anything to go by, the politically dangerous period for privatisations is three or four years after the event.

popular with the public at the time, particularly to those people who made a ance of tales about "fat-cat" salaries for directors and poor service levels that the public began to register its

It is a cautionary tale for the Brazilian government, for events in Rio de Janeiro earlier this year showed just can turn against privatisation, especially when public services are in the front line.

and February, El Nino, the global weather phenomenon. played havoc with the Rio power companies. Heavy rains damaged the network while intense heat, often more than 40 degrees, provoked a surge in use of air conditioners and fans. The result was a series of power cuts throughout the city and

The two companies involved - Light which was privatised in 1995, and Cerj. - claimed that the power failures were the result of under-investment when the network was in state hands combined with an increase in demand well above expec-

However, facing a storm of public and media criticism, Ancel, the new industry regulator, issued its first ever fines to the two companies for providing poor services. The regulator also threat-ened to bar Light and Cerj from future privatisations if the shortages continued. The fear that new opera-

tors will get the blame for previous under-investment has affected the decisions of bidders in other power privatisations, VBC, a Brazilian consortium made up of Banco Bradesco, Camargo Correa, a construction group, and Votorantim, an quick profit on share sales, it industrial conglomerate,



cited the risk of a popular backlash as one reason for not taking part in the privatisation of Eletropaulo, the

São Paulo utility, in April. "If we had bought the company and there were a power Brazilian World Cup match people would be out on the streets stoning branches of Bradesco," says José Said De Brito, a director of Votorantim Energia.

And, while the sale of CVRD was a huge political victory for the government the auction also highlighted another channel for opposition to privatisation - the legal system. Through skillful use of the courts and manipulation of Brazil's highly legalistic mentality, the auction was delayed for 10 days after more than 20 injunctions were awarded around the country against the sale.

It is a tactic that is already being repeated for the Telebras privatisation, with opponents using every possi-ble legal and formalistic objection to delay the sale. The government has had to twice postpone a Telebrás extraordinary general meeting to approve the division of the group into 12 separate companies, after injunctions were awarded questioning the legality of the de-merg-

Mr Luiz Carlos Mendones de Barros, the minister for communications. admits that the timetable for the Telebrás sale could be knocked off course because of legal disputes. "This is control over," be says. However, although court

injunctions can be an extreme irritation to bidders, they are likely to only delay rather than scupper sell-offs. With only a few exceptions, Brazillan privatisations have been trade sales, usually ling stake to a consortium of industry players. Those companies have taken a strategic decision to invest in Braare, therefore, unlikely to be dissuaded by a postpone-

ment for a couple of weeks. The story would be different for public share offerings. which have much stricter timetables and which are aimed at a more fickle investor base. Indeed, legal challenges could present a problem when the government comes to float its remaining stake in CVRD, probably The other real test of

whether the political question over privatisation has ando Henrique Cardoso, Brazli's president, tries to expand the programme if he wins re-election in October. Three big chunks still remain firmly in state hands - Petrobrás, the oil company and Caixa Econômica Federal and Banco do Brasil, two of the largest banks in Latin America.

Paulo Paiva, the planning minister, refuses to be bankers close to the privatisation process say that the sale of a majority stake in Petrobras during a second Cardoso term is being openly discussed within the government. "It is a matter of when rather than whether," says

### Competing for cash prize

After Asia, raising investment for privatisations is proving less straightforward

How big is the international appetite for financing the large number of multi-billion-dollar Brazīlian privatisations coming to the market in the next few months?

The answer, in the wake of Asia's financial turmoil, is more complex than a year ago. It depends on a number of inter-related issues which are testing the ingenuity and creativity of investment banks in charge of the priva-

Pirstly, there are external factors over which Brazil has little control. Investment bankers are betting that interest rates in the US will remain low, that Asia will not rock emerging markets with another full-blown crisis and that the second-tier European banks which pulled out of the syndication market can be lured back to underwrite Brazilian deals. If these assumptions are correct, Brazil will be able to count on strong interest among institutional inves-

tors in Europe and the IIS Secondly, there is the question of over-exposure to Brazil risk. In addition to the \$20bn sale of Telebrás, bankers estimate there are at least another \$9bn of syndicated deals being prepared for Brazilian compar

"Brazil is undergoing s new wave of industrialisa tion," says Floris Deckers. executive vice-president of ABN Amro in Brazil. "Big Brazilian and foreign inves tors have a huge, pent-up demand for medium-term finance, which will inevitably compete in the markets with the privatisation There is also a novel

demand for project finance. Petrobrás, the state oil monopoly, hopes to raise \$4.5hn this year to develop and expand oil fleids. ABN Amro and Deutsche Morgan Grenfell are competing to finance the \$2.50n develop-

dollars of bridge finance, pertaining to last year's privatisations, which will require refinancing this year. But rolling over existing debt will be complicated because of the shrinking loan syndication market. "A lot of investment banks are pulling out of the lending business," says one European banker. "This is a disturbing trend."

When there are big international names in the privaing is less of a problem. Earlier this month, BCP Telecomunicações, a Brazilian cellular phone operator owned by BellSouth International, Banco Safra of Brazil and other Brazilian investors, raised \$1.75bn in floatcellular telephone services

in São Paulo. "The issue shows confidence in the potential of caland in the Brazilian econsays Otávio Castelo Branco, investment banking manager at JP Morgan, which led the placement with Merrill Lynch. Other investment bankers say Belldamental factor in attracting financial backing for BCP.

Banks are learning to calibrate their exposure by differentiating between grades of Brazil risk. Power projects, which generate no foreign revenues, generally Inter-American Development Bank or another multilateral institution. Financing for exporters, or for joint-ventures with foreign partners.

are more easily arranged. "There is an improving perception of Brazil risk, says Miguel de Bragança, head of Banco Santander's Brazilian operations, "With the right privatisation structures and the right price, international markets will be responsive to financine

Brazil's privatisations." ABN Amro, which is preparing two \$400m bond placements for Brazilian companies, says institutional investors are more open to Brazilian deels.

2555 Steam

Nevertheless. have become more cautious sell-off of Eletropaulo, the biggest electricity distribution company in Latin Amer-

ica, in March. Eletropaulo was split into two companies, each carrytag, but there was only one hid for the company serving São Paulo and no bids for Bandeirantes, serving the interior of the state.

Some bankers blame the flop on tighter financial mankets following the crists in Asia. Others believe the government put pressure on and SBC Warburg, advisers in the sale, to agree to the \$1bn valuation before the two banks had completed the two distribution compa-

Others say the Eletropaulo flasco had nothing to do with difficulties in raising had lined up bridge finance for the deal. It was more to do with difficulties in scheduling and the implementation of the sale," says SBC Warburg.

Telebrás is being split into regional local carriers, and a long-distance company (the former Embratel) to facilitate privatisation. But the government intends to auction the whole lot within a space of two weeks, proba-bly in July, raising doubts privatisations.

over whether bidders will be able to line up more than \$20bn of finance in such a short space of time.

successful sale of Telebrás will hinge on factors, few of which have to do with the capital markets to finance

Financing for Telebras, according to Mr Deckers. will depend on how the consortia are formed. The government this month ruled there would be no restrictions for foreign investors.

"Big international names will attract ready financing," Mr Deckers savs. "Lesserknown companies will need strong sponsors."

resting in

future

Investment banks are also waiting to see whether Brazil's national development benk, BNDES, will make financing available for the Telebrás sale. In previous privatisations, it has provided finance equal to 50 per cent of the minimum hid price. But a similar ratio for the Telebrás sale would place undue pressure on the development bank's loan portfolio expected to be more modest.

Paulo Ferraz, president of Bozano Simonsen, Brazil's largest investment bank, regional cellular operators shrugs of the uncertainties surrounding the Telebras

"Unless there is another Asia crisis, which no-one is expecting, there will be enough money to finance



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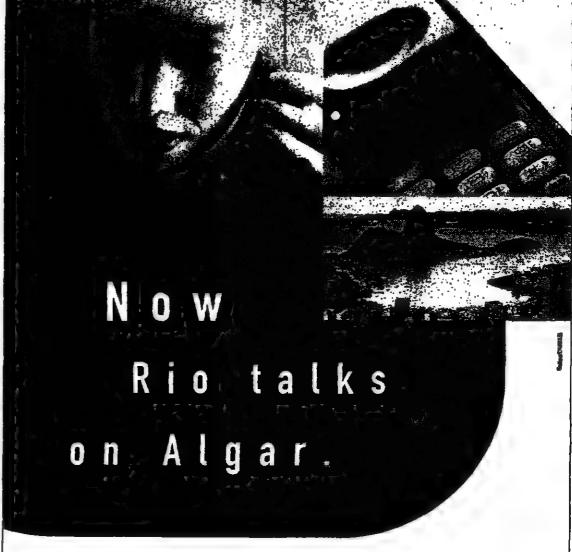
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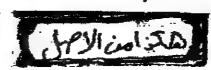
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### ng up in state of alarm

Two failed sales have thrown the programme and local government into disarray

The April 15 auction of Eletropaulo, the electricity distribution company con-Paulo, provided something of a cold shower for everyone involved in Brazil's privatisation programme.

On paper, the auction should have been a great success. Eletropaulo is the largest electricity distributor in Latin America: its sales nearly surpass the whole of Argentina's power network: and its São Paulo base is arguably the most sophisticated regional economy in

Yet when Eletropaulo was out up for sale - after being divided into two distribution companies and one transmission unit - the auction was little short of a disaster.

Only one bidder appeared for Metropolitana, the larger of the distribution companies, which was sold for its minimum price of R\$2.03bn to Light, the Rio de Janeiro energy group. However, a antes and EPTE, the trans-

attract any buyers. The failure of the auction has left São Paulo's privatisation plans in disarray.

The state had already been forced to postpone the March sale of Elektro, another electricity distributor which is controlled by CESP, the state-owned power generation company, after the stock exchange regulator questioned the treatment of minority shareholders under

Meanwhile, the planned sale of CESP itself has been put on the back burner while the federal government puts in place a new structure for the industry. Given that São Paulo is by

far the most important state in economic terms, its privatral to the whole process. And the delays are proving a major political embarassment to Mario Covas, the governor, who plans to stand for re-election later this

So what went wrong? Whether it was lack of financing, indigestion on the part of the deals, the implications

of the programme.

wake-up call for everyone involved in the process," said Octavio Castello Branco, managing director di"JP Morgan in São Paulo. "It showed that things don't always go smoothly."

The Eletropaulo auction suffered from a whole series of one-off problems. One of the potential bidders. Escelsa, had to pull out because it failed to complete the necessary paper work on

Analysts believe that speculation before the auction about large bids from Light and VBC, another Brazilian some rivals to hold their fire for later privatisations.

tricity privatisations last year, when bids were often much more than the minimum asking price, may have encouraged the São Paulo government to set its minimum price too high. Several bankers believe that the minimum prices of R\$2.03bm for Metropolitana and looked over-ambitious in the post-Asia crisis economic climate in Brazil

Opponents of the São Paulo government and its advisers, Morgan Stanley Dean Witter and SBC Warburg Dillon Read, have had a field day. Criticisms of the way the sale was managed have included the fact that the government tried to sell on the same day and that it chose to divide Eletropaulo

Others have pointed out that up to a few days before the auction, some bidders were still not certain about how the government planned to divide employee pension liabilities between the companies.

into three large units rather

"The worst thing that can happen with foreign bidders when they go to the tropics is for there to be worries about future labour or environment liabilities," says one banker who was advis-ing a potential bidder. However, there are more

general lessons which apply to all prospective sales. The Eletropaulo sale has focused attention on the availability of financing for large deals

investors," says André Mon-toro Filho, the São Paulo planning secretary who is esponsible for the privatisa tion process. "The markets have not yet returned to

The sheer weight of sales is also taking a toll on hidders who tend only to have a small team of professionals dedicated to foreign acquisttions. For example, Endesa, withdrew from the Eletropaulo auction because its people were too busy coming to terms with the complexities of Coelce, the electricity distributor in Céara state which it had bought only

"There is indigestion among the buyers. They do not have enough people to look at all these deals," says Nigel Burton of SBC Warburg Dillon Read. Most observers agree that

closer co-ordination is needed between the different state and federal governments to avoid clashes So where does the São Paulo government go from

is likely to be the sale of "The crisis prompted a Elektro which has been reflight to safety amongst scheduled for July 16, followmum price. A lower price

DESESTATIZAÇÃO

ing approval by the authorities of a new sale model. All the proceeds from the sale, which has a minimum price of R\$826m, will go to CESP rather than to the state gov-

There are no legal obstacles to putting Bandeirantes up for auction again but the government does face the thorny issue of the mini-

could ensure a better response from bidders but would be hard to explain politically, especially in the run-up to the gubernatorial election in October. The option has been ruled out for

"I have complete confldence that Bandeirantes is a good company and that it is not over-valued," says Mr

Some believe the Eletropaulo difficulties represent

According to Paulo Ferraz, president of Bozano Simonsen, the Rio de Janeiro investment bank: "If there is a strong pick-up in the market in the second half of the year, Bandeirantes could easily be sold for a price far

**MANDATES** • by Leslie Crawford

### Investing in the future

Bankers are trimming margins to buy a foot in the door for long-term profit

Investment banking in Brazil is a market long on players and short on profits; pany in Latin America. The with recent competition for privatisation mandates driving fees to record lows.

The contract to handle the sale of Telebras, Latin America's biggest privatisation, made headlines in February. Morgan Stanley and Salomon Brothers won the mandate to advise the Brazilian sen, Brazil's largest in government with an unusu- ment bank; which will ally low fee of 0.07 per cent charge a fee of only 0.0569 of the value of the sale, per cent to find a strategic which is expected to raise between \$20km and \$30km. A team including Merrill will range from 0.75 to 1.00 Lynch, ABN Amro, NM per cent. Rothschild and CSFB came second after scoring highest on technical merit but with a remuneration margin of 0.1

The winners claim the size ensure a profit. Rivals are sceptical. "At those sort of fees the business is not profitable," says Alfredo Gutierrez, chairman of the Brazil management committee of

JP Morgan. The result of the Telebras contest reflects the willingness of international investment banks to accept extremely low margins in Brezil after HSBC. order to establish a tranchise

In the aftermath of the privatisation programme the new owners of telecommunications companies, not to mention the even larger energy industry, will need advisers and financing and will probably want to raise equity. They will require long-term finance for expansion programmes. A few. years from now, investment bankers are forecasting a new wave of mergers and acquisitions, as privatised companies consolidate.

Bankers also predict it will not be long before Brazilian corporations feel able to take their first steps in the global marketplace by expanding

Ehazar de Carvalho Filho, head of SBC Warburg, says: investment banks ne take a long-term view of Brazil. Some may be discouraged by competition but the potential of the market is huge. One must look for opportunities to forge long-term relationships with clients, even if fees are not profitable."

Most foreign investment banks have yet to decide the size of their commitment to Brazil. Nomura and Oppenheimer pulled out last year, citing an overcrowded market. A disappointing year for equities also led ING Barings and HSBC James Capel to shut down their Latin Amer- from \$231m in 1998. ican equity-dealing busi-

down in Brazil. Robert Fleming and SBC Warburg have bought local investment talks to acquire Garantia, past, so we have diversified."

Brazilian investment bank-

Following the Telebrás contract, 12 banks bid for the mandate to partially privatise Sabesp, the São Paulo sewerage and water treat-ment utility which is also the largest sanitation comstate government wants to sell 15 per cent of Sabesp to a strategic investor and place 5 per cent of the company in the domestic and international equity mar-

The job went to Santander of Spain and Bozano Simoninvestor for Sabesp. The fee for the smaller stock offering

"Low fees are justified when the business opens doors to other interesting opportunities," says Miguel de Bragança, president of tions had attracted fees of Santander's Brazilian 1.5 per cent. The experience we gain by handling the sale of the Telebras sale will will place us in a strong position to handle other projects in this field."

Despite stiff competition, Mr Braganca says Santander's investment banking operations remain profitable. The Spanish bank acquired two commercial banks, Geral do Comercio and Noroeste, to become the sec-

The advantage of having a strong capital base, with assets valued at \$10bn, is that it allows us to serve our clients in all their needs,"

Santander is currently advising Brazilian pension funds on their holdings in privatised steel companies; it advised VBC in its acquisition of electricity distribution companies and it is helping Acevita, the specialised steel maker, to find a strategic partner. As the largest financial group in Letin America, with \$400n in assets spread from Patagonia to the Rio Grande, Mr Bragança also sees great poten-tiel for the bank in cross-bormergers

At Bozano Simonsen's headquarters in Rio de Janeiro, Paulo Ferraz, president, insists the low commission fees for arranging the sales of Telebras and Sabesp are not setting a new benchmark for the industry.

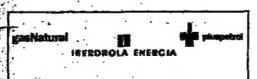
"Opening doors is easy.
Doing profitable business
over the long run is the real
challenge," Mr Ferraz says. "In time, fees will return to normal."

In 1996, Bozano Simonsen were advisers in seven privatisations and last year, the bank advised the consortium led by Votorantim in the privatisation of CVRD, But fee income in 1997 fell to \$147m

"Fees for advising the government in privatisations Others are putting roots are public and have forced down margins for advising buyers," Mr Ferraz says. "We are not making as much banks, while CSFB is in from fees as we were in the



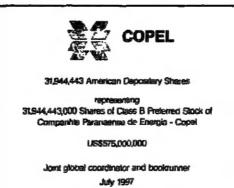


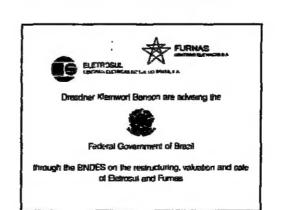


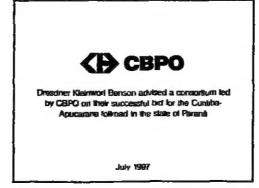
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#### 4 BRAZILIAN PRIVATISATION

**ELECTRICITY** • by Jonathan Wheatley

### Sales run out of juice

After huge premiums in early sell-offs, recent offerings have underperformed

The electricity industry is the heavyweight of the privatisation programme. By the time it is complete. assets valued at an estimated \$45bn will be under private control.

Prospects for growth have attracted big foreign utilities and should continue to do regional distributors bought for amounts far in excess of

But the sale has recently hit a few hurdles. The per-formance of some privatised ised and the most recent auction fell embarrassingly flat. The state and federal keep sale revenues coming in but, with elections looming in October and opposimust hope the dozen or so auctions expected this year proceed more smoothly.

very low when you compare in Brazil with developed countries," says Michel Gaillard, president of Light, the Rio de Janeiro distributor privatised in May 1996 which last month bought Eletropaulo Metropolitana, a distributor serving the city of São Paulo, "Even as consumption levels approach the US and Europe there will be room for more expansion of the market."

In the north east, the least minor industrial revolution has produced the fastest rate of economic expansion in the country and consumption of annual consumption in some regions is growing by 6 per

Rio has shown, incoming the nine distributors sold in activities."



more than expected to bring old and poorly maintained infrastructure up to scratch. vatised distributors in Rio state, have both been criticised by regulators for failing

But they are not alone. VBC. a local consortium formed by Votorantim, a on any means of attacking Bradesco, Brazil's biggest and generator. The state government policy, they private bank and constructive attempted to sell EPTE, a tion group Camargo Correa, tric power station and two "Use of electricity is still distributors: Rio Grande Energia, formerly part of per customer consumption CEEE in the southern state of Rio Grande do Sul, and CPFL of São Paulo.

It will spend R\$50m on basic improvements at Rio Grande this year in addition to previously planned investments of R\$30m a year. At CPFL, following unusually heavy storms during the summer, it has added R\$30m to the R\$150m it planned to spend this year on moderni-

Investors, however, seem developed part of Brazil, a happy to take such risks. One explanation lies in the very high margins available. In much of the north east, distributors can buy electricelectricity is growing by 20 Ity at R\$33 a megawatt hour per cent a year. Even in the and sell it for as much as industrialised south east, R\$100. Even in the south, gross margins are often as high as 60 per cent.

This appeal was demon-

the second half of 1997. Premiums exceeded even analysts' most optimistic predictions, reaching as much as 93.6 per cent to the minimum price. The average premium for the nine was 71.4

But this success was not repeated with the sale last month of three companies spun off from Eletropaulo, the São Paulo distributor generator, and two distributhe interior of the state, and

Analysts had expected buyers to pay as much as 30 per cent more than the asking prices. Instead, Metropolitana was sold to Light for the minimum of R\$2.03bn. No bids were entered for

VBC had been expected to compete for the distributors. José Said De Brito, a director at Votorantim Energia, says the group decided not to bid partly due to the extra emands placed on CPFL by the summer's heavy

Furthermore, cause its members are all highly visible Brazilian companies, could not take the political risk of anything going wrong. "If we'd been unable to solve any problems quickly, it could have hurt the image of the companies in the group and caused As Light's experience in strated by the prices paid for complications for our other

ing prices and need for investment were the biggest factor. "We would have had to spend R\$500m in the first year on modernisation and even then the returns would not have been visible for

Mr De Brito also sees wider problems in the handling of electricity privatisation. He says the government is trying to achieve four mutually incompatible objectives: to raise the highest price at each sale; to stimulate expansion of the industry: to improve the quality of services; and to secure lower tariffs.

"There is an obvious conflict here," he argues. "Buy-ers are paying high prices for the utilities, they're having to invest heavily to they're being asked to cut At present, new operators

have five years before tariff

reductions must be introduced. Ancel, the industry regulator created last year, plans to reduce this to four ears and possibly three. Despite reservations about such plans, the industry has welcomed Aneel's independent role. Free of the political considerations restricting its public-sector predecessor Ancel is able to take a tougher stance. Its biggest challenge will be to ensure reliability of supply in a fastgrowing and unpredictable

## its electricity industry in 1995, critics said it was

moving too fast. The proper regulatory structure was not in place, they argued, and public monopolies were merely becoming private monopolies: new owners would sack workers, convert the savings into profits and leave customers to protest in vain as

services deteriorated. In this summer's reneated ower cuts in the city of -Rio de Janeiro, it seemed the critics had been proved correct. Light, the company subsequently described by a government minister as embarrassment to the privatisation programme found its crambling

the violent storms and sweltering heat provoked by El Niño.

As the lights went out and air conditioning units splittered to a halt, angry customers, unable to contact the company on its margency service number. besieged its offices. They were not mollified by news that Light's profits had almost doubled in 1997 and dividend payments, as a percentage of earnings, had risen tenfold, while 4,500 jobs - more than a third of the work force - had been cut since privatisation in

May 1996. terrible," says Ana Siqueira of Banco Itaú in Río. 'Light's assets were in orach worse condition than the buyers had thought and the problems couldn't be fixed over night."

Despite a barrage of criticism, Light was . confound the critics, its controlling group composed of AES and Houston Industries Energy of the US, Electricité de France and CSN, the Brazilian steel maker – last month bought Eletropeulo Metropolitima, a distributur serving the city of São Paulo. It paid R\$2.03bn for a controlling stake, taking its investment, with the R\$2.26hm paid for Light, to more than R\$4hn.

### Shadow cast by less than bright start

mostly in middle class

ential areas.

investment and poor

But reducing Light's

losses proved harder than

maintenance in the public

in a precarious condition.

And its new management

were wrong not to foresee what could happen," says Ms Siqueira. "Fixing a

problem is never the same

as preventing it.".
Lack of regulation must

take part of the blame.

industry watchdog, was established only last

failures were high and

was to compile a report on

Angel, the electricity

Light's operations.

was slow to grasp the extent of the problem.

sector had left the network

They have reacted well

The purchase puts it in a commanding position. . Together, Light and Metropolitana make up the biggest publicly trade electricity distributor in the

Americas. The companies' operating areas in São Paulo and Rio offer, respectively, the biggest and second biggest concentrations of customers per square kilometre in enstomers, which offer the

highest margins, account for a third of the electricity sold. While both markets are among the most mature in the country, they offer\_ attractive growth: sales in Rio grew by 5.6 per cent in 1997, compared with Light's prediction of 4 per cent. Sales in Metropol area are expected to grow by 2 per cent in 1998.

Both companies were apparently good buys. They cost less per customer and per megawait hour of electricity sold than the average of the 13 sales of Brazilian electricity distributors completed so

Light, especially, seemed to have potential for substantial revenue growth, particularly from reductions in the huge amount of electricity lost, amounting to 18,7 per cent of electricity distributed in

Just more than a third was caused by technical eficiencies in the distribution system. The remainder was consed by "commercial" factors: theft through illicit connections, a common problem in Rio's immense shanty towns; and frand committed by mers tumpering with meters, a crime perpetrated

previously set at R\$347m. have been increased by an additional R\$68m to be spent on improving its distribution network. "Our priority now is to

product," says Michel Gaillard, president. "The problems we have had are nothing to do with the privatisation process. although there are things that could be said about the previous lack of regulation. What is right about privatisation is that it puts the customer in charge, and our aim now is to increase Some in the industry say

the group could face similar problems in São Paulo. also in need of investment, though its deficiencies are less glaring than Light's. Aneel - which warned Light after the purchase October. One of its first acts that last summer's disruption must not be set tighter controls on

It found serious shorteomines. The condition of Light's infrastructure, it said, was "incompatible with the provision of adequate three years. ervice". Spare parts were No-one yet knows how lacking for equipment in

Many of these difficulties Aneel ascribed to Light's deterioration in the public sector. But it found continuing management problems. The quality of information and commercial systems was leficient. Customers had been disconnected for nor payment of bills they had not received.

Ancel ordered Light to "proceed with more rigour" in meeting performance targets and advised it to plans, hring its policy ou

service and improve communications with its enstomers by introducing a toll-free telephone service. Light has responded. The toll-free line is in operation,

supply our customers and improve the quality of our

repeated in São Paulo - has applied in Rio. Among them is a requirement to invest R\$500m during the next

much will have to be spent over what period. One difficulty is that much of infrastructure is under ground, making detection and correction of problems more complicated. Mr Gaillard says the due diligence carried out before the purchase was not enough to assess the extent of Metropolitana's investment needs. The group is now carrying out a detailed examination, expected to take three months. Only then will tt

Jonathan Wheatley

There are many reasons for relying on Bozano, Simonsen. Here are some of them:

US\$ 300,000,000



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US\$ 479,000,000

No. 2 1997

BANERJ

US\$ 289,000,000

July 1997

Trikem US\$ 250,000,000

US\$ 361,234,000

 Meridional The Bazero, Satisficati part transport US\$ 239,150,000

COPESUL US\$ 75,000,000

SHARP US\$ 120,000,000

6 US\$ 343,803,000

Euromoney has elected Banco Bozano, Simonse bank in Brazil.

EUROMONEY

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Eletrobrás ₹≯

have sold 82.69% of the voting shares, representing 51.05% of total shares in



Distriluz Energia Elétrica Ltda.





The State of Ceará was advised by IFC and Banco Brascan in relation to the execution





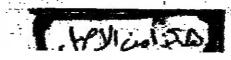
Consórcio Fortaleza Energia

have executed project documents for the development of a 240 MW gas fired power plant to be constructed at the Port of Pecém, Ceará, Brazil.



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APRIL 1998





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### Little moving forward

The ports are in a storm, roads are going nowhere but rail is on track

A labour tribunal in the state of Bahia, in the northeast of Brazil, handed a major victory this month to exporters and port operators in their battle against the country's powerful dockworkers' unions.

The court ruled against the compulsory biring prac-tices imposed by nine trade unions, which determined the number of cargo handlers working on board ships. Henceforth, port operators will be entitled to hire their own teams of freelance stevedores, in a move which is expected to reduce vastly inflated labour costs at Brazil's ports.

Overmanning at Brazilian ports has been a significant contributor to the infamous "custo Brasil", or Brazil cost, a combination of high interest rates, taxes and operational overheads that erodes the competitiveness of Brazilian exports. It also explains why the privatisation of a number of ports has not brought about improvements in efficiency or low-

At Santos, Latin America's largest port which handles a third of Brazil's foreign trade, 13,000 dockworkers and 2.000 administrative personnel process 35m tonnes of cargo a year. By contrast, the port of Ghent in Belgium handles 25m tonnes of cargo

much as R\$15,000 a month,

which is why loading a con-tainer at Santos can cost dockers off-load 600 tonnes econ compared with \$150 in efficient or fa day, against an Buenos Aires or Montevideo. The dedicated container terminal at Santos handles 12 pared with 22 in Buenos ent higher than Cosipa's Aires and 30 in Rotterdam.

The court ruling in Bahia is unprecedented; it represents a major victory for the right of port operators to determine how many dockworkers they need to ian Association of Port Terminals (ABTP), a private-sector group which has lobbied for reform.

"The portworkers' unions are the last bastion of the old, corporatist Brazil, and represent the biggest obstacle to the modernisation of port operations. Perhaps now the custo Brasil will begin to fall."

Port workers' unions, however, are unlikely to accept the court ruling in Bahia without a fight. Union leaders say they will take their case to an appeals court and are threatening strike

It has been difficult to break the trade union stranglehold on Brazilian ports. Last year, Cosipa, the priva-tised steel maker, tried to hire non-unionised dockers minal in Santos. Unionised dockworkers responded by occupying Cosipa's port cargo handling for two weeks. A compromise was reached whereby unionised stevedores handle one ship for every two ships handled by Cosipa employees. The

average of 90 tonnes when union labour is employed, while the cost of hiring unionised dockers is 135 per

gwn personnel. Freight handling costs at Santos, Rio de Janeiro and other ports in the south-east have become prohibitive, forcing some manufacturers to neorganise production logisemploy," says Wilen Mantell, tics to take advantage of vice-president of the Brazil- more user-friendly ports in tics to take advantage of the far north and far south of the country.

Alcoa, the aluminium

maker, has concentrated its entire export output in the north of Brazil. "We can embark: 125 tonnes of aluminium bars an hour. 24 hours a day, at the ports of Itaqui and Alumar in the state of Maranhão," says Paulo Gonzalez, foreign trade director at Alcoa. "In the south east, we loaded 320 tonnes a day." Freight handling charges in Maranhão, at \$11 a tonne, are one-fifth of costs at Santos or Rio da

Exporters say they could earn an additional \$5bn a year if port costs fell. Even within Brazil manufacturers say they are losing business to foreign competitors because of the country's

Brazilian steel tube manufacturers recently lost a ment's budget problems but facilities and paralysing major public tender to supply an oil pipeline project in the Amazon because of the \$85 per tonne freight charges from the port of São Sebastião in the state of São Paulo contrast in productivity is Mexican bidder which won

the contract will ship its steel tubes from Houston, in Texas, at a cost of \$30 per

"High freight costs are the greatest enemy of Brazilian manufacturers;" says José Adolfo Siqueira of the Association of Brazilian Metal Industries.

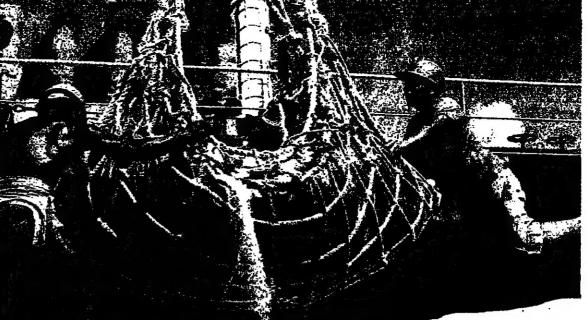
The privatisation of son 11,000km of state and federal highways has also been a disappointment, at least as far as the reduction of the custo Brastl is concerned. Although concession hold-

ers have begun to improve the country's dilapidated road infrastructure, trucking companies complain that high tolls are driving them out of business. Five-axle trucks pay R\$71 in tolls on the Dutra, a heavily-used privatised high-

way between São Paulo and Rio de Janeiro. The tolls, truckers say, equal 70 per cent of their fuel costs for the 400-km journey. "Concession holders should not be allowed to charge First World tolls on Third World highways," says Romeu Luft, president of the

National Truckers' Association. A study commissioned by Mr Luft's association shows Brazilian tolls average \$0.03/km/axle, similar to guaiana, the main border tolls charged in Italy, Portugal and the US. "Privatising part of the highway network may have solved part of the govern-

it has only exacerbated the custo Brasil," Mr Luft says. Mr Luft says high tolls are also unfair because, in many cases, trucking companies have no alternative routes to reach their destinations. Where alternatives exist, toll



In the dock: the high cost of unionised labour is accused of damaging Brazilian exporters

a new bridge built by an Italian consortium across the Uruguay River, linking São Borja in Brazil to Santo Tomé in Argentina, which remains empty because of a \$50 toll. The new bridge saves almost two days of driving to Buenos Aires and the long queues at Urucrossing further down the river. But Mr Luft says the convenience does not justify

the additional expens The National Truckers Association is now concarned that the Italian consortium is putting pressure on the Brazilian government to charge a toll at Uruguaiana. Mr Luft has protested and demanded to be included in negotiations. He

roads are empty of custom-ers. Mr Luft cites the case of transport ministry in Bratoll-road operators and the 4,557km of track, has also soya are still carried by silia for the creation of a tripartite commission to review toll charges. He hopes the commission will be formed before the end of the year.

"Truckers transport 56 per cent of Brazil's domestic freight and almost all exports to Argentina, Uruguay and Paraguay," he says. "Mercosur would not exist without us. We are too important to be left out of decisions which affect Brazil's export drive."

Privatisation has perhaps been most beneficial for rail transport. Brazil's 22,069km federal railway system was split into six regional networks and awarded to private operators in 30-year concessions in 1996 and 1997. The São Paulo state railway has also won the consent of network, Fepasa, with

been slated for privatisation. The new concession holders have spent the first year repairing tracks and rolling stock and improving customer satisfaction by reducing delays and clamping down on cargo theft.

At Novoeste, formerly the eastern branch of the federal network, the new operators, Noel Group of the US, have increased the proportion of locomotives in use from 39 per cent to 70 per cent, cut the daily average of engine failures from 4.1 to 1.1 and of loaded wagons awaiting

movement from 436 to 37. There is a huge potential market to be won over by the newly-privatised rail cent of freight is transported

truck because Brazil's rail way network, which dates from the 19th century, does not extend into the central states of Goias and Mato Grosso - the country's new agricultural frontier. Trucka also carry the bulk of manu factured goods from the industrial heartland of the south-east to the north-east of Brazil, as the railway along that route has fallen into disrepair.

But new investments in rail transport are under way. Ferronorte, a private operator, plans to complete the first stretch of a railway linking São Paulo to Goias by 1999. The Centro-Atlantico network is also planoperators. Despite Brazil's ning to refurbish the northenormous size, only 21.4 per south network to transport petrochemicals from Bahis

Companhia Sideningica Nacional

### The ties that bind

If a director of a Brazilian state-owned company wishes to go on a foreign business trip, he faces an intimidating bureaucratic procedure. First, written permission must be given by the relevant ministry in Brasilia. The information must then be published in the Diario Official, the register of government

Almost all business-related purchases even new pens, chairs or mountain of paperwork. have huge administrative lepartments whose sole job is to jump through these

bureaucratic hoops. It is no surprise then that privatised companies, freed from the labyrinthine restrictions of the public sector, have been able to take a scalpel to their fixed costs and produce startling turnrounds in financial performance.

Perhaps the most striking example of this has been Companida Siderúrgica Nacional (CSN), Latin America's largest integrated steel company. When CSN was privatised in 1993, it was a sprawling and loss-making albatross. Five years later the picture is very different. Through beavy cost-cutting and better financial management, CSN's

fortunes have been transformed. The comp made net profits in 1997 of R\$450m, 65 per cent up from the previous year. The workforce has felt the brunt of this process

from 22,134 in 1989 to 9059 last year. However, productivity has soured over the same period, with the annual output per worker rising from less than 200 tonnes to 542 tonnes last year. "It is the classic case of a

very bad company being put up for sale and really taking off," says Denis Jungerman, a director at JP Morgan in São Paulo. The cash the business has

started to generate has allowed CSN to broaden its borizons, Last May, the company led the consortium which bought a controlling stake in Companhia Vale do Rio Doce (CVRD), the world's largest iron ore miner and crown jewel of the

privatisation process. The auction was a coming of age for CSN. It also catapulted CSN's chairman, Benjamin Steinbruch, into a leading position in Brazilian industry. He now chairs the board of CVRD as well as



A steek CSN came of age by buying in to CVRD

However, while financial performance, the process left some

unresolved questions. Now, ... therefore, indicate the seven years after the first privatisation in the sector. the debate about the future of the industry has finally begun - and CSN is centre stage. According to Mr

Steinbruch, the Brazilian steel sector could make a substantially larger contribution to Brazil's trade performance if the industry consolidated into two or three larger groups At present Brazil only

exports around \$3bn of steel despite low costs and abundant raw materials. Mr Steinbruch believes there is a gap in the world market for steel plates. With greater economies of scale, the Brazilian steel sector could meet some of this untapped demand and double its exports over the

next few years.
"The potential is there but there needs to be a number of mergers before that investment can take place," he says.

The obvious target in this process is Companhia Siderúrgica Tubarão (CST), a small steel company which has substantial growth potential. CSN is reparing a bid for a minority shareholding in Acestta, the steel company which has a 84 per cent stake in CST.

However, Mr Steinbruch's grand plan for the industry faces foreign opposition in the shape of Usmor, the French steel group, which is also considering a bid for a substantial stake in Acestra

and in CST. While Mr Stembruch's strategy raises the prospect of a small number of larger Brazilian groups competing more effectively in export markets, the Usinor offer brings with it the promise of greater competition in the domestic market and falling prices. As a result, a



number of carmakers and privatisation resulted in a cother local customers have substantial improvement in . Already shown enthusiasm for the Usinor proposal. The battle for CST will,

post-privatisation shape of the sector - whether it goes in the direction of two or three national champions or a more competitive internal market.

Wearing his CVRD hat, Mr Steinbruch is planning to give a further boost to the consolidation process by urging the board to sell its substantial holdings in the steel sector. Previ, the Banco do Brasil pension fund, is also analysing the sale of part of its steel

portfolio. A substantial divestment by CVRD and Previ would go a long way to clearing up one of the other imresolved by-products of the elaborate and overlapping structure of shareholdings in the sector

CSN and CVRD have stakes in each other, for instance, while CVRD also has a significant shareholding in Usiminas Unravellling these relationships would

benefit the industry. Productivity has risen framatically since vatisation, but it is still well behind international Reels. A recent analysis of the sector by McKinsey, the management consultancy, found that if productivity levels in the US industry vere equivalent to 100-Brazil scored 77 while

latian registered 110. Low education levels, expensive transport and high tariffs explain some of the relative inefficiency but McKinsey concludes that the industry's cross-shareholdings were also holding back productivity increas

A less elaborate shareholder structure would help complete the job that privatisation of the companies has started.

Geoff Dyer

In Brazil

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#### In privatizations

Safra Group

BCP S.A. and BSE S.A. the companies formed by BellSouth Curpor Safra Group, S.A., O Estado de S. Paulo. de Brazil Sul, and Splice do Brazil

B-Band Cellular License for the Metropolitan Region of São Paulo and six northeastern states in Brazil

Joint financial advisor

**JPMorgan** 

(V)

Enron International in a consertium formed with Car Natural, Iberdrola Energia and Pluspetrol Energy acquired 56.4% of the total capital of

CEC Companhia Estadual de Gás

do Rio de Janeiro and 75,0% of the total capital of Riogás S.A. Financial advisor

**JPMorgan** July 1947.



Southern Energy, Inc. a whally usual ministers of Southern Company in conjunction with AES Corporation and Opportunity Capital Partners Ltda., has acquired approximately 33% of the soting shares of

CEMIC Companhia Energética de Minas Cerais

Financial advisor

**JPMorgan** 

June 1997

#### In the international capital markets

BCP Telecomunicações

Criando Ligações

US\$1,750,000,000 2-year Syndicated Floating Rate Loan (to fine) the B-Band Cellular License for the Metropolitan Region of Sta Paulo)

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TELECOMS • by Jonathan Wheatley

### Sell-off to answer calls for change

Technology and private ownership could rescue a decrepit state system

The futuristic world of modern telecoms, with its bewitching gadgetry and "intelligent" services, is starting to arrive in Brazil To the millions of frustrated subscribers, and would-be subscribers, to the country's crumbling public network soon to be sold for an estimated \$20bn - it must seem like a sort of utopia.

Brazilians, after all, are used to waiting two years or more for a line to be installed, or to paying up to the parallel market.

The government hones allow the number of fixed lines to increase from about per cent, of long distance international calls - currently much more expensive than international averages

Cellular services are already providing a cheap, and available, alternative. Meredith Persily of Pyramid tancy, reckons that in two or in Brazil who wants a cellular telephone will have one".

model of state enterprise succumbed to typical publicsector maladies: under investment, lacklustre management, the absence of a service culture". If it makes der documents on May 29, posed of a small group of the near-miraculous recovery now being recovered the ery now being promised, the on July 15 and announce ers and a mass of underprivicredit will go to privatisa-

The driving force behind the sale was Sergio Motta, minister who died of a lung

plans were nearing comple-tion. He helped devise - and important" that the targets push through an unco-opera- be met. tive Congress - a constituthe state's monopoly on telecoms services and legislation governing the sale.

Days before his death, be signed the last of nine licences sold to private consortia to operate so-called B-band cellular services, to compete with existing A-band services offered by the Telebras System.

The sale raised about \$9bn, compared with a target of \$5bo, and allowed a host of foreign operators their first entry to the Brazilian market. But it was dogged by legal delays with more than a year passing between hids being made and the last contracts being signed. Selling the Telebrás Sys-

selling the network will tem will be more complicated. In addition to Embratel, the long-distance and 18m today to 50m by 2005. It international operator, it says competition should cut consists of more than 50 the cost of local calls by 5 companies recently split into fixed and cellular operators. calls by 25 per cent and of with quality of infrastructure and services ranging from good to abysmal. These are being rebundled into 12 units: three regional fixed operators and eight cellular companies, plus Embratel.

As soon as the Telebras System has been sold, the government plans to offer four licences for competing three years time, "everyone fixed service operators, more than 100m, gross These will be required to serve all state capitals by the end of 2000 and all cities of of more than \$3,000 and tele-Telebras System, was once a more than 500,000 inhabit- phone penetration of less ants a year later. Full combut, since the late 1970s, has petition will be permitted only in 2005.

The schedule for the sale ministry plans to issue tenwinners within the following leged poor.

In most new markets, cel-

One factor adding to the tional amendment ending urgency is the proximity of general elections in October, which will make it difficult after July for the government to take the political risk of the sale being any-thing but a resounding suc-

> If the schedule is met, it will be a rare success. Restructuring the network has been delayed by legal challenges. This month, the government made two big decisions governing the composition of bidding consortium which lifted restrictions that applied to bidders for B-band licences.

> There will be no limit on foreign participation - foreigners were restricted to 49 per cent of each B-band consortium - nor is there a include a telecome operating company, although this requirement will apply to the competing fixed service

Potential bidders and equipment suppliers are keen to get started. Luiz Claudio Guimarães, a director at Northern Telecom, the Canadian equipment maker. in São Paulo, savs Brazil's is the most significant market in the world and the only one to meet four measures of attractiveness: population of domestic product of more than \$500bn, GDP per head than 15 lines per hundred

seems impossibly tight. The syndrome": a cross between Belgium and India, com-

But Mr Motta's successor, lular companies have gone Luiz Carlos Mendonçade after the richest consumers Barros, formerly head of the first. But because of the disprices. National Development Bank tortions of Brazil's public complaint in April as his and closely involved with sector, cellular telephony is Minas Gerais offers a vision



Engaging kiese privatigation could bring phones to all

affordable alternative to fixed services. BCP, a consortium led by

of Brazil, recently began offering B-band services in the city of São Paulo. It led by Telecom Itália, is received almost 1.9m appli-cations, of which 110,000 have been met. Roberto Peon, president, says the applicants represented a cross-section of São Paulo "Income among the C, D

and E social classes has grown enormously under the government's economic inhabitants.

But, he says, the market means we have to meet suffers from "the Belinda existing suppressed demand and the new demand that will come with growing incomes and greater distri-bution of wealth."

For the present, BCP is charging a connection fee of R\$230. Mr Peón prefers not to comment on when compe-

seen in some areas as an of BCP's future. There. Telemig, perhaps the best run of the state companies, has cleared waiting lists for cel-BellSouth and Banco Safra Jular telephones (though not for fixed services). The fighting for market share by offering free connection.

Meredith Persily at Pyrathroughout Brazil by the end of 2001, when cellular penetration will have risen to 8.2 lines per 100 inhabitants from just less than 3 per 100 today. This compares with fixed lines currently in service of about 10.7 per 100.

At about the same time. Brazilians can expect to be offered PCS (personal communications services), the next generation of telephony expected to challenge the duopoly of fixed and cellular services. But that, in a market where operators expect every plumber and knifesharpener soon to be armed with a cellular phone, Braziltheir stride.

Oil & GAS • by Jonathan Wheatley

### Everyone a winner as monopoly ends

the company has lost its dominant position

David Zylberstajn, head of ture permers provide major-Brazil's newly created ity finance. "Petrobras has National Petroleum Agency (ANP), takes great care. when the subject turns to says Mr Zyiberstain. the privatisation of Petrobras, the state oil company which for 40 years had a monopoly of the industry. "I can't say if I'm for it or tral. Any decision would be taken by a majority in government and in Congress." His caution is understandable. Petroleum is an emo-

tional subject in Brazil. "The petroleum is ours," says the old Petrobrás slogan, and many Brazilians agree. Whether or not the major-

ity would like to see the company in private hands is a most point. But political opposition is entrenched. To secure the constitutional amendment that opened parts of the industry to the private sector in 1985, the government inserted a clause promising that Petrobrás would never be sold. A subsequent attempt to change the law was defeated. Privatised or not, Petrobras' domination of the industry is over. Its monopa law allowing private sector investment in all parts of the industry, from exploration to

private sector partners. Some 70 foreign companies have since approached it: Petrobrás says 37 projects, mostly for exploration and production, are ready to be signed once the ANP gives

refining and distribution. It

also allowed Petrobrás to

undertake new projects with

The ANP may not agree to them all. It has placed licences for some 300 onshore and offshore sites. under review. Those at which Petrobras is already producing, or for which it Petrobras has powerful con- industry" is of greater signifcan prove it has the finance nections among the govern- icance than privatisation.

says this covers about 140 general elections.

Conversely, the ANP is for sites in which joint vento show it has the capacity to develop fields on its own,"

Ronny Stefano, an oil analyst at Deutsche Morgan Grenfell in São Paulo, says the ANP's aim is to prevent Petrobras from continuing in its old role as government agent for the industry. It will not, for example, be allowed to offer a foreign partner a majority share in a project while itself remaining as the

"Everything the ANP is towards privatisation in the

"Petrobrás used to be a monopoly, an agency of the government," says Mr Zylberstain. "Now it becomes a concessionaire. By the middie of next year we will have completed the first contracts for foreign companies to operate in Brazilian fields."

By that time, too, the gov-ernment should have sold a minority stake in Petrobrás comprising 31.7 per cent of voting stock - equal to 18.5 per cent of total capital leaving it with the minimum stake necessary to retain control. The stake to be sold is valued at about \$5hn but is expected to command a

considerable premium.

Before the sale, the government intends to make changes to Petrobras' board of directors. Of 10 members, eight represent the company and two the government. The government plans to reverse that proportion. Press reports say Petrobrás' president may also be replaced, although there has been no official comment. Because of the political sensitivity of such changes -

Petrobrás will not be privatised but be privatised but tion, it will keep. Petrobras to happen before October's

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Other changes in the industry are moving swiftly unlikely to grant it licences ahead. Privatisation of natural gas distributors began CEG in Rio de Janeiro. In July, São Paulo state

plans to sell control of Comgas, the biggest distributor in the country. The sale is expected to raise at least \$2bn. Big international groups such as Shell, British Gas, Amoco and Enron, some with minority stakes in some of Brazil's 16 natural gas distributors, are expec-ted to compete with local electricity distributors for the company.

Comgas recently reached agreements to supply two new gas-fired power stations doing is aimed at reducing new gas-fired power stations the power of Petrobrás," he says. "It's all heading power stations are likely to

be built as supplies increase. A pipeline carrying natu-ral gas from Bolivia is due to begin operating next year under a venture between Petrobrás and private sector partners. Last month, the government authorised private operation of gas pipelines. A project to bring gas from Argentina has already

been approved. Comgas's residential sales should increase, although domestic use of natural gas is limited. Most bouseholds use bottled petroleum gas and mains supplies are not common. Comeas currently supplies 280,000 households out of 5.5m in its concession structure would allow it to double sales. Gross margins should make it worthwhile: Comgas buys gas for R\$0.09 per cubic metre and sells it to residential customers for

Deregulation is also reaching other sectors, including reliming and distribution of petroleum products. But Mr Zviberstain says the end of the state monopoly which has given Brezil "a dynamic, competitive petroleum

IF YOU'D LIKE TO BE THE PARTNER OF A RISING CO Currently in Brazil about 146 million people energy market under full expansion. Sixty environmental matter ment, business how you, too, can become part of that group and thousand megawatts have already been installed, consume electric energy derived from forty million

distribution sites spread through the whole country. Eletrobrás, a private and public joint stock company tied to the Ministry of Mines and Energy, produces 55% of that energy, with no intention of calling it quits. Featuring a yearly energy consumption growth of more than ev. (traice the GNP), Brazil represents an electric

with the need for an additional 3,500 MW per year to meet that demand. Nowadays, 60% of the aistribution market of that electric energy are under the responsibility of private enterprises.

As a key agent in the development of Brazil's electric energy sector. Eletrobrás also acts as national coordinator for planning, operations,

administration, research delopment, maintenance and internat relations. Currently, the Company is placing special focus on international relations precisely because it believes in this continental-sized market under steady global expansion. Just ask those countries where Eletrobrás holds agreements or the power

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